

EUROPEAN NEWS

Ozal flies home to face run on lira

By Jim Bodgener in Ankara

TURKEY'S Prime Minister, Mr Turgut Ozal, flew back from Switzerland yesterday, buoyed by a new accord with Greece, to face a run on the lira and allegations involving his new Defence Minister, Mr Ercan Vuralhan.

The prime minister repeated warnings to banks against speculation in foreign exchange markets. The Government is expected to announce soon a package of measures designed to halt the lira's slide and restore confidence in the economy.

The lira has spiralled downwards against currencies on the unregulated markets over the past fortnight, falling by a differential of 20-25 per cent against official central bank rates fixed daily. Yesterday afternoon, the free market buying rate for the dollar was TL 1,350 against the official rate of TL 1,124.

The immediate cause of the lira's slump is popular mistrust ahead of its expected flotation in March, in the government's quest for eventual convertibility.

However, banking officials say the fall is the natural aftermath of relaxed controls during an election year, particularly in the run-up to the November elections which returned Mr Ozal to his second term of office.

The result has been an abundance of cheap lira chasing diminishing foreign exchange reserves.

The government also faces the most serious test yet of its cohesion since Mr Ozal's re-election. The press has accused Mr Vuralhan concerning the alleged award, in a previous position, of a contract to supply bullet-proof cars to the Foreign Ministry.

The allegations culminated yesterday in the lodging of censure motions in parliament by both opposition parties. Parliament voted to consider on February 11 whether to debate the motions.

Mr Ozal has deflected his new Defence Minister, saying the evidence is not sufficient to warrant an official inquiry. However, he has also pledged that Mr Vuralhan would be asked to resign in the last resort, if evidence proved damning.

President Evren has said it is up to Mr Ozal to take any necessary steps.

EC looks to UK and Bonn for concessions

BY DAVID BUCHAN IN BRUSSELS

SIGNS of conciliation yesterday emerged from West Germany and Britain after a two-day meeting of European Community foreign ministers which, however, produced no breakthrough on deadlocked budget and farm issues in advance of the European summit on February 11-12.

Mr Hans-Dietrich Genscher, the West German Foreign Minister in the presidential chair, wound up the meeting by telling the 11 other foreign ministers: "I shall be telling my colleagues in Bonn that the Federal Republic must make some concessions - you must do the same."

Indeed the focus of summit preparations switched last night to internal West German politics in Bonn, where Chancellor Helmut Kohl, fresh back from talks with UK Prime Minister Mrs Margaret Thatcher yesterday, met Mr Genscher and his finance and farm ministers.

Aware that some internal pressure might now be brought to bear on Mr Ignaz Kiechle, the West German Farm Minister whose latest price proposals have angered the UK, Sir Geoffrey Howe, the British Foreign Secretary, confined himself in public to saying the Brussels meeting had made "useful progress on several points" and denying there was question of "an Anglo-German battle".

If the next summit is not to end, like its predecessors, in failure, concessions by both

Bonn and London will be key to any overall package. For instance, Bonn will have to lower and London increase the amount each is ready to see cereal farmers given a guaranteed price on. The mooted compromise figure is 153m tonnes.

While the UK still seems to be insisting that West Germany give more ground on farm issues that it does itself, the West German presidency appears to want UK movement on the size of future development spending on poorer EC regions. The summit, even if it reaches long-awaited harmony on farm spending, could still be scuppered by demands for more development money from southern members.

Spain reaffirmed at this week's meeting its strong support, even more than the Commission itself, for the formal Commission proposal that so-called structural funds be doubled from Ecu 7bn (£4.8bn) a year to Ecu 14bn by 1992. On the other side of the argument, the UK is marginally more tight-fisted than other northern member states in resisting this demand.

The only issue settled by the foreign ministers this week concerned the amount of extra subsidy the EC should pay on farm exports in reaction to external exchange rate movements. But even for this monetary reserve, the formula has been blurred to allow for the French desire to use money also in reaction to trade policy moves by third countries.

Waldheim war crimes document not found

A WEST GERMAN historian probing the wartime past of Mr Kurt Waldheim left for Vienna last night after failing, both in Zagreb and Belgrade, to find the original of a document said to link the Austrian President to Nazi war crimes. Reuters reports from Zagreb.

Mr Manfred Messerschmidt, a member of an international commission of historians investigating Mr Waldheim's past, said he had failed to find the original in the Croatian Archives in Zagreb.

His research assistant, Mr Zoran Jovanovic, said in Belgrade he had also failed to find it in the Yugoslav Archives or the Military History Institute. These three archives are the greatest storehouses of wartime documents in Yugoslavia.

Mr Messerschmidt was sent to Yugoslavia to authenticate the document, published in the West German magazine Der Spiegel. It purports to be a telegram sent in July 1942 by a Croatian commander to a German commander, advising that a Lt Kurt Waldheim sought to deport more than 4,000 Yugoslavs.

Mr Waldheim has denied any involvement in war crimes and called the telegram a forgery.

Der Spiegel said the original was discovered in Zagreb archives by Yugoslav historian Dusan Pleco, who said on Monday that it was in Belgrade.

Rome defence chief ready to risk row over US bombers

BY JOHN WYLES IN ROME

MR VALERIO Zanone, the Italian Defence Minister, yesterday explained why his government may risk domestic controversy and accept the relocation in Italy of 72 US F-16 fighter bombers ordered out of Spain within three years.

He told the defence committee of the lower house of the Italian parliament that the aircraft were "an important element" in the defence of Nato's southern flank.

If Nato decided that they should be based in Italy, there would be no qualitative or quantitative increase in the alliance's military forces, said Mr Zanone. But the aircraft were important for maintaining the balance of forces between East

and West and for arms reduction efforts.

"The removal from the European theatre of this air force would really mean the collapse in Nato's southern defence capability," added the minister.

He said that although the US and Spain had agreed that the F-16s would be moved from the Torrejon base near Madrid within three years, Washington wanted a solution urgently so that it could cover the costs of the transfer in the fiscal 1989 budget starting from next October.

Despite the authority with which Mr Zanone spoke yesterday, it is by no means clear that Italy's five-party coalition government is united on the question.

Mr Bettino Craxi, the Socialist leader, was quoted in a magazine this week as sympathising with the opposition to the F-16s among residents of the area around Nato's Comiso base in Sicily. As they are bidding farewell to cruise missiles, thanks to the recent US-Soviet agreement, Mr Craxi doubted that the citizens of Comiso would welcome a force which would carry nuclear weapons.

He also accused the US of putting excessive pressure on Rome to accept the fighter bombers. According to Mr Zanone, the F-16s would be bringing with them only conventional armaments.

Spanish balance of payments worsens

By Tom Burns

SPAIN'S trade and current account balances deteriorated sharply last year and a worrying drift towards balance of payments problems later this year was scarcely offset by vastly increased capital inflows during 1987 which have raised current and foreign currency reserves to record heights.

Figures released by the Bank of Spain showed that the trade deficit had grown to \$11.4bn against \$7.5bn last year. The trade gap has taken its toll on the current account balance which showed a surplus of \$1.2bn against a 1986 surplus of nearly \$5bn.

The spectacular capital inflows of \$14bn during 1987 raised Spain's foreign and gold reserves to \$30.1bn, a figure slightly in excess of the national foreign debt, both public and private.

The trade balance highlighted the serious impact on imports of tariff disarmament in the wake of Spain's entry to the European Community. Imports grew by 38 per cent to reach \$44.6bn while exports climbed by 24 per cent to slightly more than \$33.2bn.

The prospects of a widening trade gap this year are fuelled by a further 16 per cent cut in EX import tariffs on January 1 in line with the terms of Spain's entry to the EC and by budgetary tax cuts which will do little to dampen a strong 1987 trend in consumer spending.

Strong earnings from tourism which rose to \$12.8bn, an increase of nearly 22 per cent over 1986, were of little avail in stemming the drop in the current account balance.

Italians ease exchange controls

BY JOHN WYLES

THE ITALIAN lira stood firm against the major currencies yesterday after details were revealed of exchange control restrictions to be lifted later in the year.

The relaxations follow the path set out in framework legislation adopted by parliament last November.

The government says the changes will put Italy on a par with most industrialised countries, with greater

freedom than those minimally required by the European Community.

The measures, which will take effect by October 1, will permit Italian residents to buy foreign debt issues with a minimum maturity of six months instead of two years as at present. Restrictions on buying foreign commercial paper and certificates of deposit will remain.

In addition, corporations trading overseas will be able to raise from 10 per cent to 20 per cent the foreign currency content of their liquid assets.

Residents will also be free to use credit cards abroad and to hold up to 12.5m of foreign currency instead of 1,500,000. They will be able to export lira in bank notes instead of 1,500,000 and to issue non-transferable lire cheques for payments abroad up to 15m.

Gloomy outlook for foreign aid

BY IAN DAVIDSON IN PARIS

OFFICIAL aid from Western governments and multilateral institutions to developing countries rose by \$5.5bn to \$54.3bn in 1986, or an increase in current dollar terms of about 16 per cent compared with 1985.

But net export credit flows fell by about \$1bn to \$2bn, a decrease of almost a third from an already low base; while private flows of funds to developing countries fell by \$3.2bn from \$30.4bn to \$27.2bn, and within this sub-total international bank lending fell by more than half from \$13.5bn to \$6bn.

The net result of these contradictory trends was only a slight increase in total financial resources flows to developing countries in current dollar terms, from \$82.3bn to \$84bn.

Commenting on these figures, which are published in the 1987 annual report of the OECD's Development Assistance Com-

mittee, Mr Joseph Wheeler, chairman of the DAC, points out that the real increase in official development aid by DAC member countries, after allowing for exchange-rate and price factors, was only about 1.5 per cent, somewhat below the long-term trend increase of 2 per cent per annum.

But since two-third of DAC members expect to increase their aid appropriations in the years ahead, the OECD predicts a reversion to the growth trend of around 2 per cent a year.

The primary reason a projection of a higher level is not warranted, he says, "is the clouded outlook for United States' Official Development Assistance levels in the context of that country's budget and trade adjustment policies."

The chief effect of the decline in private flows, the report notes, is that official development finance is now playing a

Court rejects Dutch case for growers' cheap gas

BY TIM DICKSON IN BRUSSELS

THE EUROPEAN Court of Justice in Luxembourg has given its verdict on the bitter row over preferential gas tariffs offered to horticulturalists in the Netherlands.

The Court said the Commission had been right to intervene under Article 93 of the Treaty of Rome to force the Dutch Government to increase the prices paid by flower and vegetable growers in 1984. It rejected a complaint about the action by the Dutch Govern-

ment, the main farmers' union and producer organisations.

The court also agreed that the semi-state body responsible for tariffs had been slow to implement the Brussels decision in 1985 - in a manner contrary to Community law - but it came down against the Commission's argument that the prices set for horticulturalists from June of that year were still too low.

The preferential gas tariffs were introduced in 1970 to encourage farmers to switch from oil to natural gas.

European poll backs CAP

EUROPEANS feel warmly towards farmers and broadly support the aims of the Common Agricultural Policy, according to a poll released yesterday, writes Tim Dickson in Brussels.

Most Europeans think that substantial public aid for agriculture is a good thing. Many believe that farmers are not merely economic agents but that through their work they help to preserve the environment. Most reject the idea that Europe should buy cheaper agricultural products from abroad rather than those grown at home with the help of subsidies, while there is an overall belief that farmers' organisations do not enjoy excessive influence.

Almost three quarters believe the least profitable farms are bound to disappear.

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French parties split over move to clean up funding

By IAN DAVIDSON IN PARIS

THE French National Assembly yesterday began debating proposals to regulate the finances of political parties, including a FF100m ceiling on each candidate's expenses in presidential elections.

Until a week ago, consensus on the legislation appeared to be emerging among the three largest political groups: the governing neo-Gaullist RPR party, its coalition partners grouped in the centrist UDF, and the opposition Socialist party. That consensus broke down in committee last week, when the UDF proposed, and the socialists indignantly rejected, an amendment to allow political donations to be tax deductible.

The proposals follow a wave of politico-business scandals last year, of which the arms-for-Iran "Affaire Lucchini" was the most spectacular. Many of these "affaires" allegedly involved the abuse of power

and underhand channelling of funds to political parties.

The absence of effective laws governing party finance has created incentives for dubious manoeuvres in political funding. But manifestly the publicity surrounding the "affaires" has mainly been the result of discreet orchestration in the media by politicians to fling mud at their opponents.

In the case of the Lucchini scandal the mud appeared to stick to the Socialists, since the illegal arms exports in question took place under the previous Socialist government; it was alleged - but has still not been proved - that the deal involved underhand channelling of funds to the Socialist Party.

It was at least partly in an attempt to counter the effect of this scandal, that President Mitterrand last autumn urged new laws on party finances which would, he said, "finish once and for all a question which has

Finnish election blow for Premier

By Sara Webb in Helsinki

IN THE WAKE OF Monday's presidential election, attention in Finland is focusing on the fate of the Conservative party and Mr Harri Holkeri, the country's Conservative Prime Minister.

Mr Holkeri's disappointing performance - he came third instead of runner-up - has led to speculation that he may not run as the Conservative presidential candidate in 1994.

Mr Mauno Koivisto, the president for the last six years, won almost 45 per cent of the vote, just short of the 50 per cent needed. But he is expected to win when the electoral college votes later this month.

Mr Koivisto, the Social Democratic candidate, already has the support of 144 of the 301 electors in the college, while Mr Holkeri has 62 and Mr Paavo Vaejrynen of the Centre Party has 68. It seems likely that some of Mr Holkeri's supporters will move over to support Mr Koivisto, giving him a majority in the first ballot.

The Conservative party will now have to decide whether to field Mr Holkeri as the presidential candidate for the 1994 election or whether to look for another candidate such as Mr Ilkka Suontinen, the Conservative party chairman.

It will also have to reassess its relationship with the Social Democrats in Finland's red-blue coalition government.

Since coming to power for the first time in 21 years at the general election last spring, the Conservative party has faced internal problems. Mr Holkeri appears to want to change too much too soon when it comes to taxes and labour relations.

His task may be made more difficult now by the emergence of Mr Vaejrynen, the Centre party chairman, as a more formidable opposition leader.

William Dullforce on the issues at Davos World Economic Forum Clouded views from a Swiss Alp

after year even when the fee reaches this year's SF6,100 (\$2,610).

TAKE SOME 700 top businessmen from more than 50 countries to a plushly equipped Swiss alpine resort, blend in 50 or so cabinet ministers, high government and international officials, add 150 assorted politicians and academics, spice with a Domsday planetary discourse from Professor Carl Sagan, the astrophysicist, spin the lot in a near non-stop, impeccably organised six-day schedule of plenary sessions, briefings, lunches, dinners and private meetings: and what do you have?

One correct, if surprising, answer is the venue for an act of political reconciliation between two perennially divided nations - in this case Turkey and Greece.

Professor Klaus Schwab, the unflappable and indefatigable organiser of the annual World Economic Forum in Davos, experienced a moment of consummation on Sunday, when he appeared before television cameras together with Mr Turgut Ozal of Turkey and Mr Andreas Papandreu of Greece, as the prime ministers announced their decision to start resolving their nations' differences.

The event validated the underlying philosophy of the WEF, that if you put political and business leaders together in a cosseted but stimulating environment, results will emerge. Mr Ozal and Mr Papandreu made their first, very reserved, personal contact two days ago at breakfast in Davos.

Another correct answer is that in the WEF you have what one participant called the global town square. Encounters among international leaders and businessmen - in the Congress Hall, hotel lobby, walking down the Promenade or on the ski slopes - can be as casual or intense and as non-committal as between neighbours in a small town.

The WEF has at any rate passed the market test. The businessmen come back year

can to survive in an increasingly turbulent environment.

Where is the dollar rate going? Are interest rates bound to rise in the US? Is international economic co-operation really working? Is the international trading system breaking down or will Gatt's Uruguay Round succeed in averting a retreat into protectionism? And above all, is the US economy heading for recession, taking the rest of the world with it? Business concern punctuated plenaries, briefings and "brain-

dead," Mr Papandreu said.

Mr Mulford, Mr Schlesinger, Mr Toyoo Gyohken, the Japanese Vice-Minister for Finance, and Mr Onno Ruding, the Dutch Finance Minister, agreed that co-ordination had been too lethargic after the attempt in the Louvre accord of last February to stabilise exchange rates.

But, Mr Mulford claimed, since the October stock market crash governments of the Group of Seven industrial countries had been achieving more effective co-ordination on a quiet daily basis than at earlier full-scale formal negotiations.

Slowdown in economic growth in the US this year but no recession was the nearly unanimous public forecast. Confidence was also voiced in private, but with some reservations, about currency and stock market reactions, should the switch from growth led by domestic demand to export-led growth be prolonged.

Mr James Howell, Professor of Economics at Stanford University, California, estimated that a 4 per cent cut in private US consumption over the next few years would be needed to correct the US trade deficit of more than \$170m in 1987.

An extremely powerful surge in US exports would be needed to compensate, economists in the audience remarked, underlying the tenuousness of the current dollar rates and the importance of holding trade protectionism in abeyance.

Mr Bruce Smart, the US Undersecretary for International Trade, probably summed up best the mood after the exchange when he was asked whether he thought exchange rates had now been stabilised and whether one could hope for a new Gatt agreement in 1990 with an effective dispute settlement mechanism.

Remarking that by then he would have left government and returned to business, he replied: "I hope for both and count on neither."

maintaining growth by running up debt was becoming less and less credible in the eyes of investors - a point made more diplomatically by Mr Yasuhiro Nakasone, the former Japanese Prime Minister, in his opening address.

Was the US leading the world into recession and was economic co-ordination among the major powers working fast enough? The banker asked.

One VIP, insisting that reports present should not divulge his high government status, described as purely coincidental the "so-called" victory in December when combined central bank intervention halted and partially reversed the slide in the dollar. Either the exchange rate had to give further or interest rates had to rise in the US.

Mr Lionel Olmer, a former US Undersecretary for Commerce, chairing a discussion panel on the new rules for corporate competition, chided panelists for not reflecting "the incredible difficulties facing the business community which has to

PLO plans return of exiles to Israel

By Andriana Terodakou in Athens

THE PALESTINE Liberation Organisation is negotiating the hire of a Greek-owned cruise boat to return a number of Palestinians expelled from the occupied territories, to Israel, accompanied by several hundred international personalities.

Departure has tentatively been scheduled for the beginning of next week; but the charter contract has not yet been signed, according to Mr Tassios Koulioumbis, the captain of the Maltese-flagged Silver Paloma, owned by the Piraeus-based Afrossa Lines company.

The vessel is expected to begin its voyage at Piraeus on February 8 or February 9 and to make a stop at the Cypriot port of Limassol, before sailing to Haifa in Israel.

According to the captain, the PLO had specified that the passenger list would consist of a small number of Palestinians expelled from the occupied territories and "400 VIPs." The identity of the Palestinians involved has not been disclosed.

Mr Koulioumbis indicated that, besides finalisation of the contract, the voyage would depend on agreement from the Greek foreign ministry. "It is not a case of the ministry giving the order for us to sail, but of indicating that there is no problem with our going ahead," he said.

The ministry's involvement reinforces speculation that the issue of the voyage was raised by PLO leader, Mr Yasir Arafat, in talks with the Greek prime minister, Dr Andreas Papandreu, during a flying visit to Athens in January.

Dr Papandreu then said that Athens would raise the Palestinian issue at the level of the European Community when Greece assumes the presidency of the Council next summer.

Until the recent wave of unrest in the occupied territories, the strongly pro-PLO Greek Socialist Government was apparently set to extend de jure recognition to Israel before assuming the presidency.

Carlucci to discuss US Azores air base

By DIANA SMITH IN LISBON

US DEFENCE Secretary Frank Carlucci holds talks in Lisbon today with the Cavaco Silva Government over the long-standing agreement for American use of the Portuguese Air Force base of Lajes on Terceira island in 1986 when funding dropped to \$185m. In 1987, the US Administration proposed \$220m; only \$147m squeezed through Congress. For 1988, the Congressional knife has cut deeper still: \$117m is likely to be all Portugal receives.

Mr Carlucci, who knows Portugal well, has to kick off a repeated pointed out that it has made "best efforts" on Portugal's behalf.

But since the Cavaco Silva Government cannot haggle with Congress, it expects the Administration to be its champion.

The shrewd Mr Carlucci will have to seek a formula that smooths Portuguese but does not ruffle Congress in an election year.

Expectations remained high but the US Congress cut back foreign aid in general, with funding dropped to \$185m. In 1987, the US Administration proposed \$220m; only \$147m squeezed through Congress. For 1988, the Congressional knife has cut deeper still: \$117m is likely to be all Portugal receives.

Portuguese expectations were satisfied in 1986: \$280m were granted in total; \$40m was given as economic aid to the Azores themselves and \$60m start-up funds for a Luso-American Foundation. The remainder came in the form of soft loans for, or in the direct supply of, military equipment.

Expectations remained high but the US Congress cut back foreign aid in general, with funding dropped to \$185m. In 1987, the US Administration proposed \$220m; only \$147m squeezed through Congress. For 1988, the Congressional knife has cut deeper still: \$117m is likely to be all Portugal receives.

Ozal faces test in political row about minister

By Jim Bodger in Ankara

MR TURGUT OZAL, Turkey's Prime Minister, flew back from Switzerland yesterday, buoyed up by his accord with Greece, to face a row about one of his ministers.

The Defence Minister, Mr Ercan Vuralhan, has been accused in the press, of financial irregularities in a previous post in his award of a contract to a West German firm to supply bullet-proof cars to the Foreign Ministry.

The campaign against him culminated yesterday in a sure motions in parliament from both opposition parties.

Mr Ozal has defended his Mr Vuralhan, saying the evidence so far is not sufficient to warrant an official inquiry.

On his arrival, Mr Ozal repeated warnings to banks against speculation in foreign exchange markets. The Government is expected to announce a package of measures designed to halt the lira's slide.

Soviet military aim unchanged, Younger warns

By Hilary Baines in Copenhagen

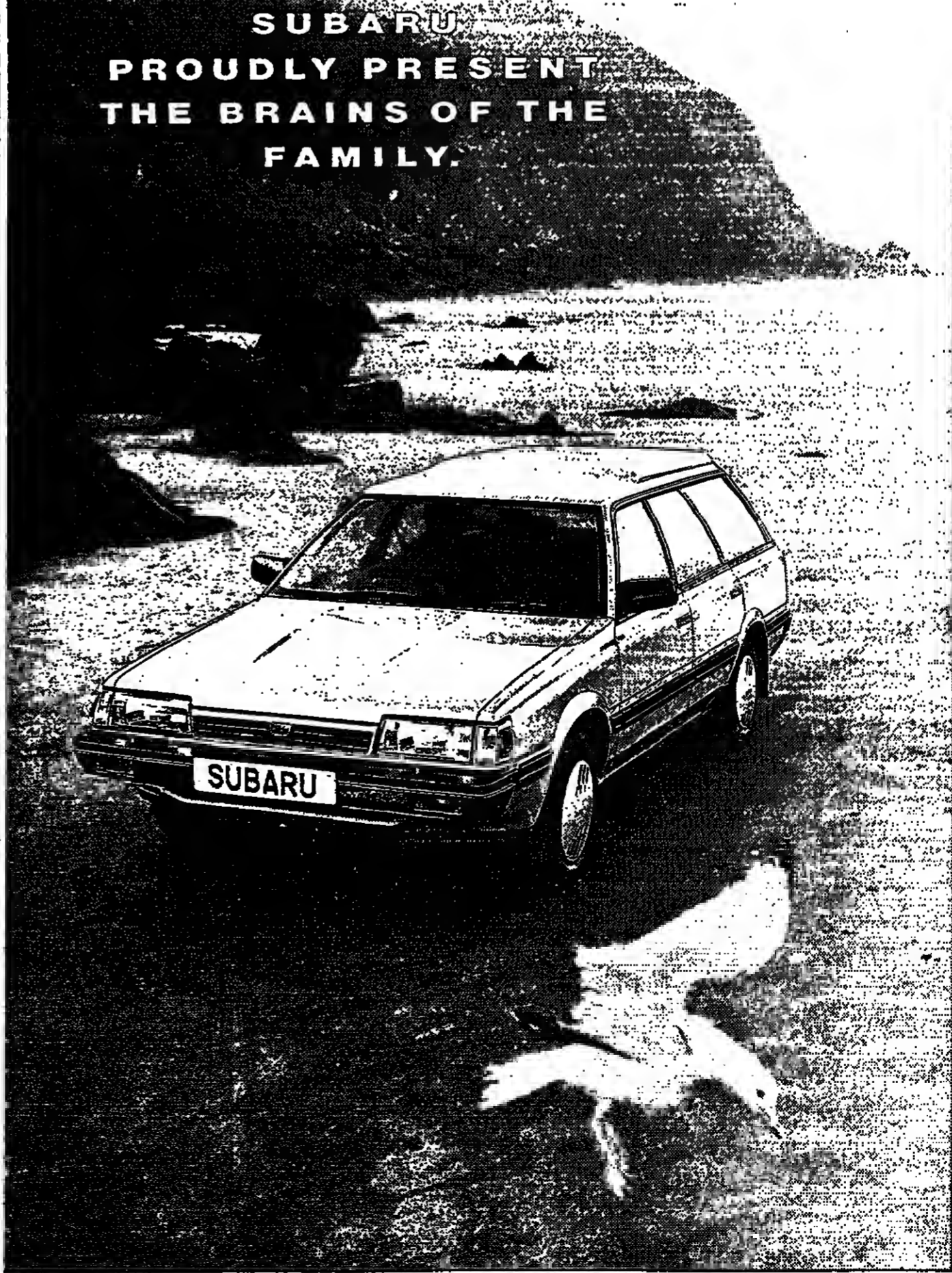
THE WEST must not be deluded by rhetoric from the Soviet leader, Mr Mikhail Gorbachev, or the conclusion of the INF treaty, into expecting irresistible progress towards wider disarmament, the UK Defence Secretary, Mr George Younger, told an invited audience in Copenhagen last night.

Mr Younger is on a two-day official visit to the Danish capital.

"The central security problem in Europe is Soviet military power, far in excess of any needed for defence or keeping its satellites at heel," he said.

"Soviet strategic aims in Europe remain what they always were, to fragment the Nato alliance, to de-nuclearise Europe and above all to undermine the credibility of the US commitment to European security," he continued.

He stressed that the unity of the Nato alliance remained vital.



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OVERSEAS NEWS

Israeli deputy PM rules out US plan

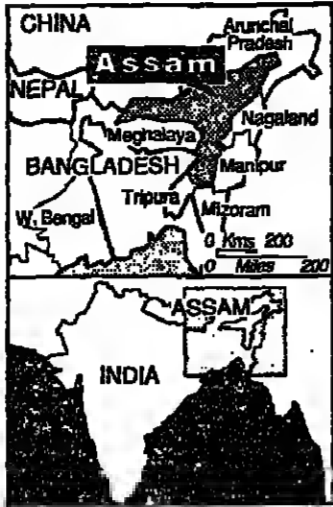
By Andrew Whitley in Jerusalem
A LARGE spanner was thrown yesterday into the delicate works of the latest US peace initiative on the Middle East by Mr David Levy, the right-wing Israeli Deputy Prime Minister.

Breaking an uncharacteristic silence of recent weeks, Mr Levy told an enthusiastic crowd of Jewish settlers in the occupied West Bank that he categorically ruled out any "enhanced" autonomy proposal for the territories, as reportedly envisaged by the US as an interim solution.

The only possible policy, he said, was the autonomy plan defined in the 1978 Camp David accords. This was an open challenge to his own Herut party leader, Prime Minister Yitzhak Shamir. However, as a backlash of right-wing opinion against the current thinking of the US State Department gathers strength, Mr Shamir himself is believed to be having second thoughts.

Assam's patience with Delhi grows increasingly thin

The immigration issue remains unresolved, writes Mani Deb



IN A POLL marked by violent clashes over allegations of vote-rigging, the student-based Asom Gana Parishad (AGP) government in Assam has managed to win its first by-election since coming to power two years ago.

experience did not deter them from trying to sustain the chauvinistic mood, with some embarrassing results. Many non-Assamese government servants and police officers were transferred or removed from senior posts simply to gain popular appeal, and there was strong resentment from the Bengali-speaking Cachar district when Assamese was made a compulsory language in schools.

But up to the end of last March, only 42 people had been registered as aliens and deleted from the electoral rolls out of the 286,596 inquiries begun and 9,999 cases referred to tribunals. And of those entering after the 1971 cut-off date, only 103 had been expelled, although there were 61,281 complaints and 5,922 cases referred to tribunals.

The students' power lay in the tacit support they received not only from the people but sometimes unofficially from the AGP government. In fact, students have become a strong pressure group in the whole of northeastern India in their campaigns for various regional demands.

teers took the law into their own hands to mount an economic blockade of the neighbouring state of Nagaland in an inter-state border dispute. As police watched idly, road links were picketed to prevent food, fuel and other essentials getting through.

Pretoria irked by US line on Angola

By Anthony Robinson in Johannesburg
US SUGGESTIONS that the latest round of talks in Luanda between Mr Chester Crocker, Assistant Secretary of State for African Affairs and an Angolan government delegation last week had revealed greater flexibility about Cuban troop withdrawals have been received with irritation by Pretoria.

Centre Party is added to Israel's political flux

BY ANDREW WHITLEY
A NEW political party has been launched amid little fanfare in Israel. Calling itself the Centre Party, the latest addition to the Israeli political map is an amalgam of dissidents from the two big blocs - the Labour Alignment and Likud - with the middle-of-the-road Shinui party, headed by Mr Amnon Rubinstein.

Beirut gunmen kill Frenchman

By Nora Boustany in Beirut
A MYSTERIOUS campaign against French nationals frequenting Christian areas was revived yesterday with the assassination in broad daylight of a Frenchman, the fourth in four months, police and embassy officials said.

COMMONWEALTH GROUP SEEKS PRACTICAL MEASURES S Africa arms sanctions study

BY VICTOR MALLEY IN LUSAKA
THE EIGHT Commonwealth countries which took part in this week's meeting on southern Africa are convinced, unlike the British government, that sanctions are an effective weapon against apartheid.

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Handwritten Arabic text at the bottom of the page.

AMERICAN NEWS

US and Soviet defence chiefs may meet

BY STEWART FLEMING, US EDITOR, IN WASHINGTON



Yazov: Berne talks likely

MR FRANK CARLUCCI, the US Defence Secretary, is expected to meet his Soviet opposite number Mr Dmitri Yazov in Bern, Switzerland, before the end of March to discuss arms control and other issues, according to US officials.

The meeting would be a further sign of improving relations between the US and Soviet Union and between the superpower defence establishments after a long period of limited top-level contacts.

Mr Carlucci's predecessor, Mr Caspar Weinberger, never agreed to meet Mr Yazov before he left office in November last year.

The first clear indication of an easing of tensions between the defence departments came during the summit meeting between President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, in Washington in December.



Carlucci: concern over MX missile

Military judge frees Argentine rebel soldiers

BY TIM COONE IN BUENOS AIRES

AN ARGENTINE military judge yesterday released 88 non-commissioned officers who had been arrested following last month's military rebellion at various army garrisons in the country.



Lt. Col. Aldo Rico

This brings to 130 the number of officers and NCOs that have been returned to their units since Friday, out of the 325 that were originally arrested for having supported the uprising led by Lt. Col. Aldo Rico.

The military courts that are investigating the rebels have since Friday, however, those released are under conditional liberty and are still liable to face charges for mutiny and/or insubordination.

Panama army strongman 'made millions'

By Lionel Barber in Washington

A FORMER senior adviser to Gen Manuel Noriega, the Panamanian military strongman, has accused him of widespread corruption and converting the government into a 'criminal enterprise'.

Mr Jose Blandon, architect of a plan backed by the Reagan Administration which attempts to move Panama towards democracy, said Gen Noriega had made millions of dollars of profits from selling passports, visas, airport landing rights and marine identification cards for seamen aboard Panamanian-registered ships.

Mr Blandon's allegations were published in the Washington Post yesterday and are believed to match five hours of testimony to a federal grand jury last week that is investigating Gen Noriega's ties to the lucrative Latin American drug trade.

The grand jury is expected shortly to seek an indictment of Gen Noriega.

While it is improbable that he would voluntarily appear in a US court, an indictment could complicate White House efforts to persuade Gen Noriega to move aside.

The Blandon plan - which Gen Noriega rejected late last year - envisaged him relinquishing power in return for guarantees that he and his associates would avoid prosecution in US courts.

There are fears in Washington that a grand jury indictment, while strengthening the Administration's case against Gen Noriega, could prompt him to dig in his heels and refuse to go.

Chicago's fight against corruption

'CHICAGO IS definitely one of the most - if not the most - corrupt cities in the US,' says Mr Mike Lyons, the chief investigator at the city's Better Government Association (BGA).

The best political scandals in other cities would not even make the papers here.

Set up in 1923, the BGA grew out of the Anti-Saloon League at a time when prohibition laws had given rise to a thriving racket in Chicago. Its founders embarked on a mission to bring better government to the 'city on the make'.

Part private detective agency and part citizens' group with a strong bent toward the media, the BGA is privately funded to the tune of some \$600,000 a year.

Within six months of its inception, the BGA had begun to investigate massive vote fraud in Chicago elections including the intimidation of poll-watchers by Al Capone's gunmen.

It has continued to criticise city elections and last year filed a lawsuit in a state court alleging that the election of an acting mayor - following the death of Mr Harold Washington - had not been decided in secret and not in a public meeting as state law requires.

While the BGA's crusades have been largely against political corruption, they have also centred on fraud in industry.

The declared aim of the group of clergymen, editors and lawyers who set up the BGA has widened over the years. The association now offers an open invitation to reporters who want help with an investigation. Thus their paper or television station gets a first crack at the story before it is generally released.

This relationship with the media has given the privately-funded BGA wider scope in what it calls 'stunt investigations'. One such attempt to expose corrupt city inspectors allegedly plugging small businessmen has become part of Chicago's folklore and Chicagoans still tell the tale with awe ten years after it happened.

This involved setting up the Miraflores, a newspaper and television crew. The cameras filmed from behind a double glass door as a succession of city building inspectors turned a blind eye to dangling wires and corroding pipes in return for payoffs.

The bar bore witness to cheating it had not even expected, attracting state liquor inspectors who demanded cash for liquor law violations, a vending machine operator who

Deborah Hargreaves reports on a not-so-positive test of integrity

took half of the machine's weekly income without declaring it in Washington, D.C. He is specialising in keeping two sets of books.

'We've been accused of being the champion of lost causes,' explains Mr Lyons' BGA chief investigator, Mr Terry Brunner, who is trying to provide an investigation, where there is no other medium for people to complain.

Back in the 1970s, this led the BGA to look into several Chicago-area abortion clinics, which had been accused of performing abortions on women who were not pregnant as well as incompetent medical work on those that were.

At the time, women who were dissatisfied with service at the clinics were too embarrassed to speak out. The investigation, however, closed three clinics

Reagan weighs fresh Contra concessions

By Lionel Barber

PRESIDENT Reagan was yesterday weighing fresh concessions in his campaign for Congressional approval of \$36m in new aid to the Nicaraguan Contra rebels.

The House of Representatives has scheduled a showdown vote for today. Top Democrats are confident they can defeat Mr Reagan's compromise package which includes a token \$3.6m military aid.

Opponents have insisted that US military aid would sabotage progress on a cease-fire between the Sandinista Government and the rebels, undermining the Central American peace plan. But they have raised the possibility of a humanitarian package.

The Administration argues limited military aid is needed as an insurance policy against Sandinista bad faith. In an attempt to win over 'swing voters', officials said Mr Reagan might agree to let Congress have some role in deciding when the Contras could receive the aid.

Mr Reagan was due last night to make a televised address to the nation to campaign for Contra aid but three networks said they might not air the speech live.

Mr Reagan has scaled back his aid request from the \$270m contemplated last summer, most of it military aid. The lower figure contains only \$3.6m in military aid, to be held in escrow until March 31 pending an assessment of the Sandinista government's compliance with the Central American peace plan.

memorandum stated that its repayment surplus was due to big receipts from 10 countries such as Korea, Brazil, India, South Africa, Yugoslavia, Turkey, Pakistan, Hungary, Romania and Portugal. Some borrowed heavily in the early 1980s.

Repayments to IMF top loans by \$5.9bn in 1987

THIRD World debtors in 1987 paid \$5.9bn more to the International Monetary Fund than they borrowed. AP-DJ reports from Washington.

The Fund reported \$10.2bn in repayments from developing nations and \$4.3bn in new loans last year. A source said most countries that made heavy repayments such as South Korea and South Africa, did not need new money. Others such as Brazil, the Third World's biggest debtor, and Yugoslavia have sought

major new loans. Many countries have been reluctant to seek the Fund's repayments, which are loans attached to IMF loans. Loans outstanding from the Fund amounted to \$36.6bn at the end of 1987. The Fund's monthly IMF

Fresh delay in start-up of Caricom trade bank

BY CARUTE JAMES IN KINGSTON

THE Caribbean Economic Community's efforts to launch a \$1.65bn (\$9.1m) bank this month to finance trade have been delayed because of difficulty in obtaining backing from financial institutions.

Officials say they expect the bank to begin operations in the summer. It is the second time start-up has been delayed. It was originally planned to begin operating last year with capital of \$75m, but this could not be raised in time.

Turkey and Algeria in LNG accord

BY Jim Bodgener in Ankara

TURKEY has reached agreement with Algeria for the export of 40m cubic metres of liquefied natural gas over the next 20 years, according to the semi-official Anatolian News Agency.

Iran plans for oil outlet through Turkey

AN INTERIM agreement reached in January between Tehran and Ankara on the oil pipeline through Turkey has produced an additional twist to Ankara's delicate balancing act between its warring neighbours.

Senior officials of Botas, Turkey's state pipeline agency, are adamant that the sluggish, 30-year-old scheme has started to move seriously. But sceptical diplomats still doubt whether there is any new urgency behind the project, despite the fact that international bids are to be invited from companies early this month for basic engineering studies.

Japan to lift curbs on 10 farm products

BY WILLIAM DULLFORCE IN GENEVA

JAPAN yesterday accepted a ruling by a Gatt dispute panel that it should lift import restrictions on 10 categories of farm products. But it created some confusion about its intentions by saying it would implement all the panel's findings except those covering starch and milk powder.

China urges US to ease high-tech curbs

CHINA yesterday urged the US to end 'some irrational practices' regarding high-technology transfer to improve trade relations, Robert Thomson reports from Peking.

Zheng Tuobin, China's trade minister, told Mr Clayton Yeutter, US Trade Representative, that China was 'willing to increase imports from the US, particularly high-tech products', but had been frustrated by US restrictions.

EC and Efta list priorities for free trade zone

BY DAVID SUGHAN IN BRUSSELS

MINISTERS of the European Community and the European Free Trade Association yesterday set out their political and technical priorities in negotiations towards an 18-nation free trading zone by the early 1990s.

Jim Bodgener in Ankara on a project which many doubt will come to fruition

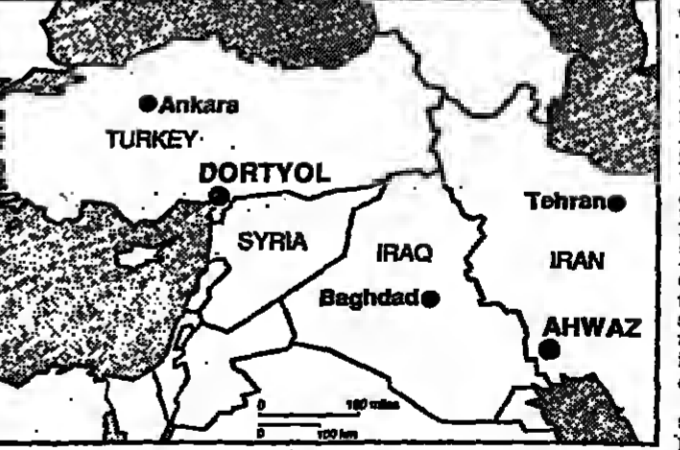
backed Kurdish guerrillas in Iraq towards Iraq's export royalties from the Iraqi pipeline have already been lost.

These also terminate in Turkey, at Yumurtalik-just across the Bay of Iskenderun from Dorytol, and with a capacity of 1.5m b/d are Iraq's main export lifelines. Turkish security forces are increasingly intercepting and re-exporting bands

EC and Efta list priorities for free trade zone

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MINISTERS of the European Community and the European Free Trade Association yesterday set out their political and technical priorities in negotiations towards an 18-nation free trading zone by the early 1990s.



of Iranian revolutionary guards attempting to cross Turkish territory to join the guerrillas. Promoting the pipeline scheme is therefore an apt balance for Tehran.

Turkey for long has sought to tie the Iranians down to a firm commitment to the export line, which when built will be a source of lucrative transit fees.

Whatever the scepticism therefore, the pipeline looks set to be high on the agenda when Mr Ali Akbar Velayati, the Iranian Foreign Minister, visits Ankara on February 16. Turkish officials say that both sides want to iron out all the details of a firm agreement by the time Mr Turgut Ozal, the Turkish prime minister, visits Tehran in March so that a final accord committing both governments to actual construction can be signed.

Whether that will be in the short, medium or long term is still a moot point, the Botas officials concede. Ironically, construction may start sooner on a third export pipeline through Turkey for Iraq. This 300,000 b/d line will run between Iraq's Ainzaleh fields and Turkey's Batman refinery, from where an export line already runs to Dorytol. Technical studies started in January, and given the rapid progress on other Iraqi export lines, construction tenders could be invited by the second half of the year.

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FT LAW REPORTS

Partners' moving expenses are tax deductible by firm

MACKINLAY v ARTHUR YOUNG McCLELLAND MOORES & CO
 Court of Appeal (Lord Justice Slade, Lord Justice Balcombe and Lord Justice Stocker)
 January 29 1988

A FIRM'S contribution to a partner's removal expenses is deductible from its taxable profits irrespective of whether he benefited personally, if its collective purpose in making the payment was wholly and exclusively to benefit its business.

The Court of Appeal so held when allowing an appeal by Arthur Young McClelland Moores & Co, a firm of chartered accountants, from Mr Justice Vinelott's decision on an appeal by the Revenue from Special Commissioners, that its contributions to partners' house moving expenses were not tax deductible.

Section 130 of the Income and Corporation Taxes Act 1970 provided: "In computing... profits... to be charged under... Case II of Schedule D no sums shall be deducted in respect of - (a) any disbursements or expenses, not being money wholly and exclusively laid out or expended for the purposes of the trade, profession or vocation."

Before *Mallikieu v Drummond* [1985] 2 AC 861 it was believed that in ascertaining the purpose of expenditure, the spender's state of mind was the only relevant factor.

In *Mallikieu*, which concerned the right of a female barrister to deduct the cost of court clothing, the House of Lords decisively rejected that view of the law.

They considered that no inquiry into the taxpayer's state of mind was necessary "in obvious cases which speak for themselves." They held that the case fell into that category because it was inescapable that one object of the expenditure was the provision of clothing "needed as a human being."

On the present appeal Mr Moses for the Revenue submitted that expenses incurred by an individual in moving house could never be incurred "wholly and exclusively" for business purposes. He said the very nature of the expenditure, as serving in part to meet a human need, obliged the commissioners to hold that it was incurred at least in part for private purposes.

Mr Justice Vinelott gave a helpful description of the three stages involved in assessing partnership profits to tax.

First, the profits of the firm, not of the individual partners, must be ascertained. Second, the firm's income for the year was then treated as divided between the partners. Third, the tax payable was calculated according to the circumstances of each partner, ie, after taking account of any personal allowances, reliefs or deductions to which he was entitled, and any higher rate of tax for which he was liable.

The authorities showed that at least for the purpose of conducting the first stage, a partnership was to be treated as a separate entity from the partners, and it could therefore incur a deductible expense though the recipient was one of its members.

Heastie (1933) 18 TC 305 and *Watson-Everitt 18 TC 408* established or illustrated that a payment made to a partner for services rendered to his firm could not be treated as an expense. Conversely, however, a payment to a partner other than for services to the firm, was treated as an expense. Whether it passed the "wholly and exclusively" test was another matter.

The payments to Mr Wilson and Mr Cooper could not be regarded as payments for services rendered to the firm in their capacity as partners. They clearly fell to be deducted in ascertaining partnership profits at the first of Mr Justice Vinelott's three stages.

The question was whether section 130 precluded them from being deductible at the third stage.

The effect of section 130(a) must be to exclude money spent by the firm unless it could establish it was spent exclusively for the purposes of its profession as a firm of chartered accountants.

Unless the taxpayer and the person benefiting from the expenditure were the same person, it was the taxpayer's object, not the beneficiary's, which had to be ascertained.

Mr Justice Vinelott concluded that the commissioners' decision was unsupported, on the basis that expenditure which in the case of an individual trader would be treated as serving a dual purpose, could not in the case of a large partnership be treated as wholly and exclusively for the firm as a separate entity.

The analogy between the sole trader and a partnership in which one partner was the beneficiary was misleading.

Section 130(a) directed attention to the object of the spender, not the recipient. In the case of a sole trader it was impossible to differentiate between the objects of the taxpayer as spender and as beneficiary.

In the case of a partnership, where the payer and the beneficiary were not the same, it was possible (as it was not in *Mallikieu*) to evaluate the payer's objects separately from those of the beneficiary.

Where the payer was a partnership, save where the nature of the expenditure spoke for itself, a proper application of section 130(a) required the Revenue to ascertain the purpose of the expenditure, at least primarily, by the partnership's collective purpose in incurring it.

An inquiry into the separate minds of 95 partners was impractical and inappropriate. It was the collective purpose of the partnership as a whole which had to be ascertained.

There was no reason why a payment to a partner, which happened partly to meet his human needs, should necessarily fall foul of section 130.

Having regard to their findings of fact, the commissioners were well entitled to draw the inference that the expenses were incurred wholly and exclusively for the purposes of the firm's profession, and to regard the benefits received by Mr Wilson and Mr Cooper as merely incidental to the achievement of those purposes.

The appeal was allowed.

Lord Justice Balcombe and Lord Justice Stocker concurred.

For the Revenue: Alan Moses (Inland Revenue solicitor)
 For the firm: Andrew Park QC (McKenna & Co)

Rachel Davies
 Barrister

MARX AND THE MARKETS: SHALL WE DANCE?

Hungary's new push towards market disciplines is on. But how long can Marx and the market-pace keep up the dance?

Also to be found in the FEBRUARY ISSUE OF THE BANKER:

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In accordance with the provisions of Clause 6(G) of the Trust Deed, dated 20th June, 1986 between Brunsgold Australia (Cayman Islands) Limited, Brunswick N.L., Normandy Resources NL and The Law Debenture Trust Corporation p.l.c., notice is hereby given to the holders of the U.S. \$4,200,000 4½% Secured Series A Bonds due 1994 and to the holders of the U.S. \$4,200,000 4½% Secured Series B Bonds due 1994 that Normandy Resources NL will be irrevocably released on 23rd March, 1988, from its obligation to guarantee the exchange of Brunswick N.L. of Bonds for gold (defined in the Trust Deed as the "Exchange Rights Guarantee") Condition 5, Clause 6(G) of the Trust Deed provides that Normandy Resources NL shall be released from the Exchange Rights Guarantee if the Consolidated Tangible Net Worth of Brunswick N.L. exceeds A\$ 60,000,000 and all amounts due under the Exchange Rights Guarantee in respect of the Bonds have been paid in full. These conditions were met as of 24th December 1987. Prior to these conditions being met no notice had been given by the Trustee bringing the Exchange Rights Guarantee into effect in accordance with the provisions of Condition 4(b), Clause 14(D) of the Trust Deed.

February 3, 1988

Public Notices

THE BROKEN HILL PROPRIETARY COMPANY LIMITED



Notice of Meeting

Notice is hereby given that an Extraordinary General Meeting of The Broken Hill Proprietary Company Limited will be held in the Basement, BHP House, 140 William Street, Melbourne on Thursday 25 February 1988 at 9.30 a.m.

Special Business

To consider and, if deemed fit, pass the following as an ordinary resolution:

That:

(a) the Share Purchase Deed referred to in the deed between the Company and Bell Resources Ltd dated 21 January 1988;

(b) the deed between the Company, Michael Robert Hamilton Holmes & Court, Bell Resources Ltd, and The Bell Group Ltd dated 21 January 1988;

(c) the Agreement referred to in the deed between the Company, Elders Ltd Limited and Beswick Pty Ltd dated 21 January 1988; and

(d) the Securities Sale Agreement between the Company, Harin Pty Limited, Yalla Pty Limited, near Pty Limited and John Norman Elliot dated 21 January 1988 and the letter agreement between the Company and Harin Pty Limited of the same date, each in the form tabulated by the Chairman at the meeting be approved, and that each purchase, allotment or disposal of shares pursuant thereto be agreed to.

By order of the Board
 M.J. JAMES, Secretary 27 January 1988

This notice of meeting of the Company will be closed on Wednesday 24 and Thursday 25 February 1988.

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 - Has it performed as consistently well as they made out in their presentations?
 - Will my fund manager keep me in touch with how the investments are performing on a regular basis?
 - Will he be attentive - or will he spend all his time working for private clients and charities?
 - How many other funds will be managing?
 - Will he give me contract notes?
 - Valuations?
 - Cash statements?
 - Transaction statements?
 - Is one fund management team enough - or should I have two or more?
 - Do I want a small self administered scheme?

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The drawn Bonds will be reimbursed at par, plus 1% (15 attached as from March 10, 1988).

The drawn Bonds are those, NOT YET PREVIOUSLY REDEMPTED, included in the range described:

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Luxembourg February 3, 1988

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MANAGEMENT EDUCATION AND TRAINING

Publication date 22 March 1988
 Copy Date 8 March 1988

The Financial Times proposes to publish this Survey on the above date.

A number of areas will be covered including:

- * What is to be done about British Management?
- * How do Managers actually think?
- * How can "Intuitive" thinking be improved?
- * How are leaders developed and teams built?

Please address all inquiries or suggestions concerned with the editorial content of this Survey to the Surveys Editor.

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TECHNOLOGY

AT&T finds solution that dissolves ozone problems

BY LOUISE KEHOE IN SAN FRANCISCO

AN IMPORTANT step toward phasing out the use of chlorofluorocarbons (CFCs), which are thought to be destroying the earth's ozone layer, has been announced in Washington by AT&T, the US telecommunications and electronics giant.

The company says it has identified and begun to use an alternative solvent in its electronic circuit board manufacturing plants and is offering to provide the technical know-how to other electronics companies.

Electronics and semiconductor manufacturers are among the biggest users of CFCs. The chemicals are widely used as solvents to remove soldering flux residues from electronic components, especially on advanced surface mount circuit designs such as those used in most personal computers.

The problem of replacing the chemicals in electronics manufacturing has been a major concern since the role

of the chemicals in depleting the earth's ozone layer was recognised.

AT&T's replacement for CFCs is a substance that is derived from citrus rinds, pine tree bark and other wood waste products.

Called Bioact EC-7, the biodegradable solvent is produced by Petroferm Inc of Fernandina Beach, Florida. All components of Bioact EC-7 are either generally regarded as safe or are actually authorised in the US as indirect food additives, Petroferm says.

By substituting Bioact, AT&T expects to be able to reduce its use of CFCs by a quarter to a third over the next two years.

"Bioact is not a cure-all," concedes David E. Chirtick, AT&T Vice President. But he believes the new solvent will make an important contribution toward enabling electronics companies to reduce their use of ozone-damaging chemicals.

Currently, Bioact EC-7 can be used to clean only those electronics products that can be immersed in water during manufacturing. This will limit its use to some extent because some types of integrated circuits cannot withstand such a dunking.

"We are trying to assess how widely applicable Bioact may be," says Bud Ward, director of environmental and occupational health at the American Electronics Association. "It almost sounds too good to be true ... and it may be," he cautions.

Nevertheless, he suggests that the AT&T announcement does demonstrate that industrial users of CFCs need to look beyond conventional sources to find solutions to the CFC problem.

Despite its apparent limitations, AT&T's announcement has been hailed by environmentalists and by the US Environmental Protection Agency as a major step forward.

WE'RE TRYING TO CAPTURE THE COMPANY'S NEW ENVIRONMENTALLY CARING IMAGE



"This is going to make it possible to speed up the phaseout of CFCs," says David Doniger of the Natural Resources Defense Council. CFC compounds, which are also used in refrigeration and the manufacture of plastic foams, can last a century in the atmosphere before breaking up to liberate chlorine. Scientists believe this chlorine can attack the ozone layer which shields the earth against harmful ultra-violet rays from the sun.

WORTH WATCHING

Edited by Geoffrey Charfish

US heads for \$3bn smart card jackpot

THE MARKET for smart cards and associated equipment in the US will reach nearly \$3bn in 1992, according to a new survey by Smart Card Reports, a division of the Palo Alto Management Group in the US.

The cards were slow to catch on after their development in the late 1970s. But the US market has begun to grow and the cards are already quite widely used in France, where they were invented.

Japan is also rapidly adopting the technology. It will spend \$25bn on cards and equipment in 1995, according to the Japanese Electronic Machinery Association.

Smart cards look like ordinary credit cards. However, they contain microprocessor and memory chips and are much more versatile than their simple plastic counterparts.

For example, a financial card can accumulate all the user's transactions as they occur, without the need to go on line to a central computer (which normally holds all such data).

In a major US project, the Department of Agriculture is issuing cards to 56,000 peanut farmers. The cards will be used to manage the Department's subsidy programme. They will contain each farmer's quota and current sales data. When a sale is made, the card will be updated and the latest position sent to the Department.

It will thus be possible to know the status of the entire subsidy programme at any moment.

The study undertaken by the Palo Alto Management Group, "Smart Card Trends and Opportunities", is available in Europe from International Planning Information (IPI), Copenhagen, and costs \$1,995.

Swiss water down oil rig lubrication

SULZER, THE Swiss engineering group, has successfully tested an offshore oilfield injection pump that has silicon carbide bearings

lubricated by sea water. Injection pumps are used to force sea water into the oil wells to push out the oil.

The important advantage of the Sulzer pump is that it does away with the need for a separate lubrication system and the necessity for oil seals.

The weight saving over pumps of similar power (1.7 megawatts) can be up to six tonnes. In addition the absence of a separate lubrication system has cut the overall length by 26 per cent and reduced the cost of the pump.

Since silicon carbide is one of the hardest substances known, failure and replacement of the bearings is unlikely, and the pump can be left to run almost indefinitely on the sea bed.

The road to quicker property valuations

PROPERTY VALUERS on the staff of Cheltenham and Gloucester Building Society in the UK now have Sharp facsimile machines and Motorola cellular radios in their cars. Thus, a branch can fax valuation instructions direct to valuers on the road. They can then get to a property quickly, inspect it and immediately fax the results back to the branch.

The idea is to speed up services to mortgage customers in this increasingly competitive market.

The society says the only major delay remaining is in gaining access to the property. The quickest valuation time so far is two hours.

An advantage of the machines is that they can be removed from the car when necessary and connected to the valuer's home phone.

Australia seeks out stronger plywoods

IN AUSTRALIA, the Commonwealth Scientific and Industrial Research Organisation (CSIRO) - in conjunction with Monsanto Australia - is developing waterproof, strong and durable new plywoods from native timber.

The plywoods will be laminated with a patented phenolic adhesive and will be

made from veneers of dense eucalypts such as Blackbutt and Flooded Gum.

Current phenolic binders tend to soak rapidly into these woods, producing weak lamination and poor performance outdoors. The new adhesive, experimentally superior, is being developed for commercial use, and Monsanto expects to market it.

The new plywoods have sufficient strength and stiffness to allow their use in new markets. Cargo freight containers, for example, would be lighter than steel designs, according to CSIRO. There are also several building construction applications to which the new plywoods could be put.

Australia sees a need to use these woods because supplies of the preferred, rain-forest hardwoods will dwindle as governments address the atmospheric de-oxygenation problem that is growing globally with intensive felling in the major rain-forests.

Cool Swedes speed glass production

AGA, the Swedish industrial gas company, has achieved an 18 per cent increase in the speed of glass container production. It has done this by utilising liquid nitrogen to cool the blowing air used in manufacturing the containers.

The method, called Cryo-Glass Technology, can be installed without interrupting production. Installation and running costs are such that production increases of only three to five per cent are enough for the system to pay for itself within one year.

The technique is uncomplicated. At the final blowing stage, cold air cooled by the liquid nitrogen is blown into the bottles. The amount of nitrogen is automatically regulated to keep the blowing temperature constant. Each bottle stabilises more quickly, by being cooled both inside and out, and allows the next bottle to be moulded sooner.

CONTACTS: IPI, Denmark, 2 632044. Sulzer UK office, 0263 522582. Cheltenham and Gloucester Building Society, UK, 0242 96161. CSIRO, Australia 2 467 6211. AGA, Sweden, 8 731 1900.

Evangelist of live-wire dealing

BILL LUPIEN matched his skills as a securities dealer against a computer in 1968 and thrashed it soundly, much to the chagrin of his designers. Since then his life has been a crusade to bring automation to the world's stock markets.

He is best known as the chairman and chief executive officer of Instinet, a US company which developed and markets an automated stock dealing system - in effect, an electronic market place in competition with established exchanges. It is used by some 300 broker/dealers and more than 100 major financial institutions in the US.

Last December, Reuters, the world's largest electronic publisher, agreed to acquire Instinet in a deal which values the US company at \$71m (\$102m). Within days of the agreement, Lupien announced his resignation.

In March this year, when he is free of Instinet, he intends to establish a new venture. As yet unnamed, this will market

Alan Cane interviews a pioneer of the electronic stock market

novel and advanced trading software designed "to take advantage of the short-term inefficiencies in the securities markets for large institutional investors," says Lupien.

He accepts that his ideas will prove unpopular with established dealers. "They will not like this," he says. "It will give enormous advantages to outsiders." But he is used to fighting his corner.

When he helped develop an automated small order trading system for the Pacific Stock Exchange, one specialist (market maker) brought a large pair of shears onto the floor of the exchange and ceremoniously cut the wires to the terminal in his booth. Other floor traders cheered.

Now only 46 years of age, Lupien is a veteran of the equities business, an evangelist for computer-based trad-

ing through practice rather than training. He learned floor trading with the Pacific Exchange, going from clerk to president of the Los Angeles-based member firm Mitchum Jones Templeton in only eight years.

Despite the mass of electronic gadgetry which characterises dealing rooms worldwide, Lupien argues that the use of technology in financial markets is nowhere near the ultimate.

He believes that dealers will talk to their dealing systems and hear a spoken response within a year or two. And he thinks that all the millions of dollars being poured into artificial intelligence in the US and Europe will soon start to pay off in the dealing rooms. Artificial intelligence gives computers the ability to make human-like judgments.

His own software, which he hopes to have on the market by the end of the year, will eventually incorporate intelligence enabling it to learn from its mistakes.

Mazak lifts versatility of machine tool control

BY RICHARD TOMPKINS, MIDLANDS CORRESPONDENT

Yamazaki Mazak, the Japanese machine tool giant, last week held the UK launch of what it claims to be the most intelligent machine tool control system in the world.

The Mazatrol M32 incorporates dual 32-bit microprocessors which are said to give it much higher levels of efficiency than other models. Mazak says the result is a productivity gain of up to 30 per cent over conventional CNC (computer numerically controlled) systems.

The 32-bit microprocessors not only permit extremely high processing speeds, but also, because they operate in tandem, enable various operations to be performed simultaneously.

Mazak says the M32 calculates five times more quickly than earlier interactive systems. This means that functions such as tapping, cutting of difficult shapes and selection of optimum cutting

paths are carried out more efficiently. Further, while one processor is dealing with calculations, the other can be controlling the machining operation, so leading to greatly reduced cycle times.

One innovation is a function which enables cutter paths for a future project to be simulated at the same time as a workpiece is being machined. Another time-saving feature is that acceleration and deceleration of the servo motors is more closely controlled, so leading to shorter tool-change times.

The UK launch of the M32 was held at Mazak's European manufacturing plant which opened last year in Worcester, although for the present the M32 is being made entirely in Japan. The system is now fitted as standard to all Mazak machining centres, and the UK subsidiary expects it to help its sales drive into Europe.

HOW TO STAY ON TOP OF THE MARKETS AND AHEAD OF THE COMPETITION...



MANAGEMENT

I don't care if you criticise us, agree with us or disagree with us, just mention us, that is all we ask - David Owen, Leader of the SDP.

There is no such thing as a no-strike agreement - Peter Wickens, Personnel Director, Nissan Motor Manufacturing (UK)

People don't know where to put their hands when they're guiding you. They sometimes touch bare flesh - Diana, Princess of Wales

Sandwiched between the [then] leader of the Social Democratic Party and the Princess of Wales in The Observer newspaper's Quotations of the Week was the phrase uttered by both Nissan and the AEU at the press conference announcing the signing of the single union agreement.

Anticipating the direction of media interest, the company's press statement included the comment: "The agreement also provides that during the course of such negotiations, conciliation or arbitration, there will be no industrial action but neither Nissan nor the AEU see this as a 'no-strike agreement'. Reference to arbitration is not 100 per cent automatic but what we are attempting to do is to eliminate the need for industrial action."

Nissan met the trade unions against this background of change and debate. The company was clear as to its intentions and objectives and felt it important that everyone understood that it was not trying to usurp the traditional role of trade unions.

While we would have been happy to have what could be described as a 100 per cent cast iron guarantee of no industrial action it was, we felt, more important to achieve an agreement which could be honoured by all concerned than one which gave everything but which might collapse the first time it was tested.

In addition to this we felt it important that as ACAS would be involved in the procedure then the ACAS views should be taken into account. Clearly ACAS has a preference for conciliation before arbitration and, as experience has shown, will try to conciliate before arbitration even when the reference is initially concerned with the latter.

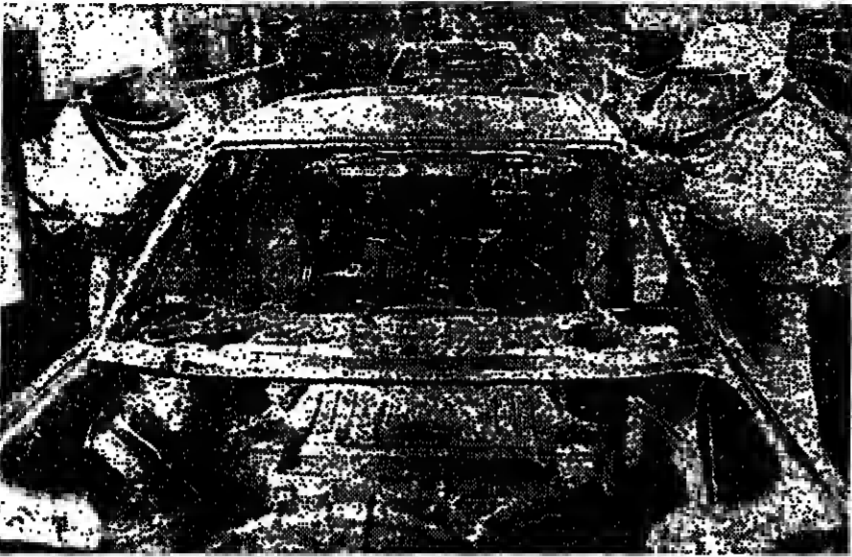
In providing for conciliation it was a major concern of all parties that neither the company nor the union should "keep something up its sleeve for conciliation" - either the company a concession it could afford or the union a claim it was willing to forego. Such attitudes would destroy the spirit of the agreement.

The eventual wording of the negotiations paragraph of the agreement was particularly precise: "The company and the union are totally committed to resolving such negotiations within the company council. However, in exceptional circumstances if this is not possible, the outstanding matters will be referred to the Advisory Conciliation and Arbitration Service for resolution."

The key phrases in this context are "totally committed", and "in exceptional circumstances". Thus both par-

The single union structure which Nissan UK negotiated for its Washington car plant, outlined on Monday's page, is often cited as an example of a no-strike deal. The company's personnel director, Peter Wickens, gives his own view of the reality

Committed to the in-house spirit



Nissan's Washington plant: a particularly precise agreement

ties were agreed that they would genuinely attempt on all occasions to resolve matters in-house without reference to ACAS. Reference to ACAS on any occasion is regarded as undesirable and would be an indication that people had not worked hard enough to resolve the issues in-house.

In themselves such phrases do not prevent a reference to ACAS but if such a reference is used too frequently then clearly ACAS itself might choose to draw the attention of the parties that not only the spirit but also the letter of the agreement was not being fully honoured.

The paragraph continues: "In the event of conciliation not producing a solution both parties may agree to arbitration. The arbitrator will be required to determine positively in favour of one side or the other. The arbitrator will be asked to take account of those aspects which are already agreed. Both parties agree to accept the decision of the arbitrator. . . During the course of such negotiations, conciliation or arbitration there will be no industrial action."

Thus the intention of both the company and the AEU is that in the exceptional circumstances of non-resolution in-house there will be automatic reference to ACAS for conciliation.

Appreciating that the subject of the reference might be complex and that the two parties might simply

need their collective heads knocking together for something sensible to fall out it was felt that conciliation was the best method of achieving this.

At the very least conciliation would give ACAS a better understanding of the issues involved and help clarify those aspects which need to go through to arbitration. It might even help establish a balance of claims and offers so that a complex package claim can be more effectively handled. At the best, conciliation might resolve the problem by a third party looking at the issues in a way that was not obvious to the committed parties.

What would be a failure, however, would be the company "finding" another one per cent at the conciliation stage. This would lead to virtual automatic future reference to conciliation particularly if employees perceived that they had nothing to lose and possibly something to gain - especially if precluded by the agreement from taking industrial action at this stage.

The agreement, while also providing that reference to ACAS will be "for resolution", also implicitly recognised that this might not always be possible at the conciliation stage. The key wording here was "in the event of conciliation not producing a solution both parties may agree to arbitration".

While, having gone through the

in-house negotiations and subsequent conciliation, there would be considerable pressure on both parties to take the final step to arbitration, there is no compulsion in the agreement for them to do so.

It needs the agreement of both the company and the union to take that step to pendulum arbitration with prior commitment to accept the decision.

It follows then that the Nissan-AEU procedure agreement can end after the conciliation phase. If this is the case, and it is the union that does not wish to proceed, industrial action taken at this time would be constitutional. It is in this specific as well as the general sense that the Nissan-AEU agreement cannot be described as a "no strike deal".

So-called "no strike" deals are, and will remain, rare. An Engineering Employers' Federation study of industrial relations at shop floor level found that 52 out of 63 companies surveyed had no such deal.

The reasons given suggested that none of them was contemplating such a move. They felt that they had no need, that the price would be too high. Most important, there was a dislike of having responsibility for resolution taken away from the parties directly concerned.

There is no doubt that the changing approaches to relationships with employers is causing concern in the trade union movement.

The fact is that many managements now see the important relationship as being that which it has with its employees rather than the formal relationship the industrial relations professionals have with the trade union officials. (This is very different from the 1960s and 1970s when managements often called in the officials to bring sanity into the proceedings.)

By giving the supervisor a greatly enhanced role and by appointing people who have the capability of managing all aspects of their responsibility, the day-to-day involvement of the professionals is reduced. By going for the commitment philosophy, the relationship between employee and company changes.

This, perhaps more than reduced membership because of unemployment and structural change, is the most significant long-term issue facing trade unions.

There is no doubt that a different role is emerging for trade unions though it is difficult to predict what the conclusion will be. Alternatively there is an argument that this is all short term, the circle will turn and in ten years' time we will be back to the attitudes of the 1960s and 1960s. However, it is not possible to turn the clock back - changes have taken place and the base has been altered.

Copyright Peter Wickens, 1987. Extracted from *The Road to Nissan* by Peter Wickens. Published by Macmillan Press on January 23 1988 at £9.50 (hard cover) and £12.95 (paperback).

Global competitiveness

Building levels of advantage

Christopher Lorenz on the relationship between structure and objective

SIR JOHN HARVEY-JONES is credited with many achievements in his rumbustious five years as chairman of ICI, Britain's largest chemicals multinational, during which the company was transformed from a shaky regional player into a global industry leader.

His best-known skills, which he discusses in his own new book *Making it Happen*, are motivation and leadership. But his greatest contribution to ICI's dramatic revival between 1982 and his retirement last year was much more specific: the transformation of its top executive team from a collection of rival advocates on behalf of individual businesses and territories into a cohesive body of true directors of the group's best interests.

So says Alan Pink, a manager with 25 years of wide experience in ICI who is now the company's general manager - planning. Until all profit and operating responsibility was delegated unambiguously to chief executive officers below ICI's "Executive Team" (its eight executive directors), the team tended to be diverted from setting the group's direction into management tasks.

"A lot of things flowed from that," Pink told a conference in London on Routes to Global Leadership last week. Above all, it had resulted in the provision of greater resources for ICI's growth businesses, and those where it has particular strengths.

The executive team now classifies all ICI businesses into one of four categories, he said: growth businesses; cash cows; problem businesses; and new businesses. "The team couldn't have operated with a quadrant like that in its old style because its members were competing with each other" (for group resources), said Pink. The team was now able to ask, and deal with, such key questions as "Are we developing enough new businesses?" and "Are we getting to grips with our problems?"

The impact of this change on ICI's global competitiveness, Pink suggested, had been reinforced by the company's post-1983 shift away from an organisation struc-



Sir John Harvey-Jones: best known skills are motivation and leadership

organisational effectiveness - especially in relation to the role of the corporate centre - was highlighted by several speakers at the conference, which was organised jointly by Britain's Royal Institute of International Affairs and the Strategic Planning Society.

Gary Hamel of the London Business School, a fierce critic of the inadequacy of western top management in the face of stiff Japanese competition, and a consultant to a string of multinationals around the world, called for more companies to emulate the likes of Komatsu, NEC, Honda and IBM in the development and articulation of a clear corporate "strategic intent".

According to Hamel, this involves far more than just a statement of vision - something that has become increasingly popular among western companies in recent years.

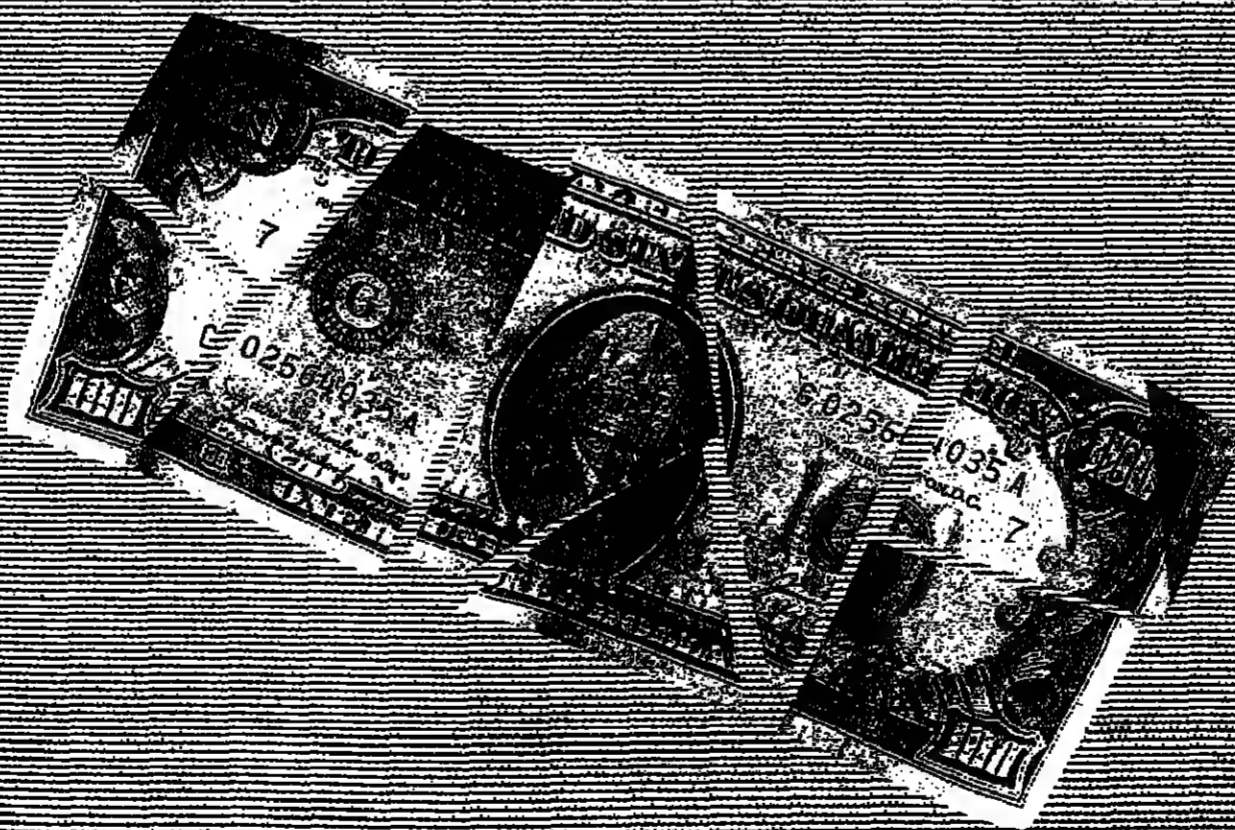
He sees it as an active management process that involves several elements: describing in broad terms a desired competitive position (such as Komatsu's long-standing ambition to "maru-C", or "encircle Caterpillar"); focusing the organisation's attention on the need to win; giving individuals down the organisation sufficient initiative to contribute to the means of winning; and sustaining enthusiasm by constantly reiterating the intent, while gradually giving it additional layers of meaning.

At Komatsu, for instance, "encircle Caterpillar" has encompassed a succession of medium-term programmes: first driving down cost, then cultivating export markets, then underwriting new product development, and so on.

Within the framework of this sort of consistent strategic intent, Japanese companies behave opportunistically, said Hamel. As well as combining long-term intent with flexible short-term tactics, Hamel emphasised that "it is the role of top management to build several layers of advantage, and to engage the whole organisation in the development of the new capabilities needed to create them". Sir John Harvey-Jones would second that.

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The rate of information growth is doubling every five years. Currently, 6000 new scientific articles are published every week.

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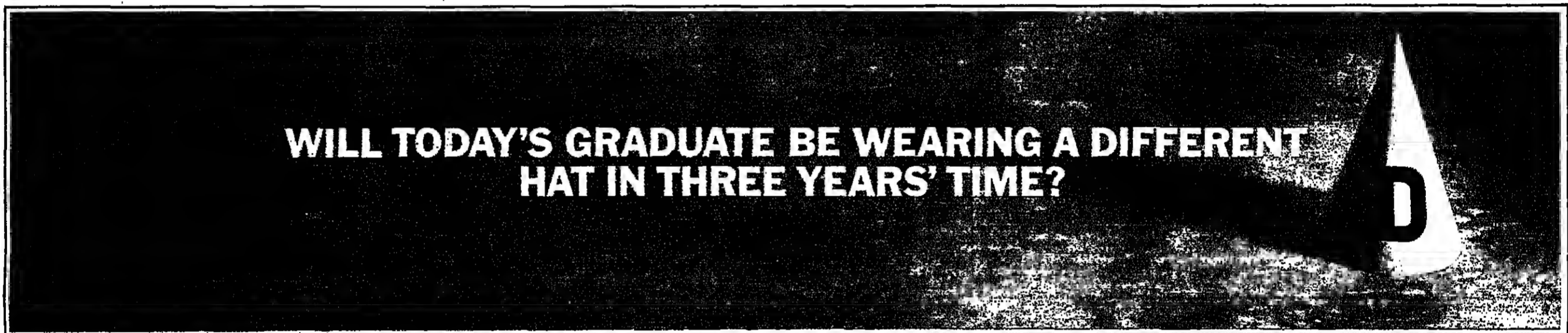
Skills and knowledge that may have taken years to acquire can be out of date almost overnight.

Think of the ship designers in the north-east who have had to turn their hand to designing oil rigs.

The plant breeders who have had their world turned upside down by the advent of genetic engineering.

The textile designers who have had their crayons replaced by computer keys.

Formal qualifications on their C.V.'s, though important, would have given little indication of their capacity to accept and adapt to change.



Of course, if we expect people to have a more flexible, adaptable outlook on work, we must also expect the same of their employers.

So companies must be prepared to do more than just give time off for occasional conferences. They must also allow time off to attend business schools and retraining courses. And maybe more.

Some companies do already. But should we follow the example of countries like Sweden where mid-career breaks of several years are not uncommon? In fact, is it time we reappraised our attitude towards career patterns entirely?

Traditionally, the long serving employee has been held up as the shining example. And, of course, many years of experience in a company can be invaluable.

But in today's fast changing world perhaps we should look more favourably on frequent job changes and regard them as the need to face fresh challenges.

That, in itself, is a challenge that business may soon have to face.

Indeed, in our view, training, or lack of it, is very often at the root of many companies' staffing difficulties.

Yet, sadly some firms still see training as a side issue when compared with, say, providing plant and finance.

According to the latest (1985) MSC figures, the average company spends a mere 0.15% of its turnover on training.

As for ourselves, this year training will cost us some 10% of our income. It's a sizeable sum. But it's one we would not spend unless we knew it would repay us fully in the years to come.

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Nuclear reactor test may be dropped after protests

BY DAVID FISHLOCK, SCIENCE EDITOR

THE Central Electricity Generating Board may postpone its test on a nuclear reactor in north Wales planned for Friday February 12, following demonstrations at the House of Commons yesterday involving Welsh and Irish members of Parliament.

The test was planned to demonstrate the intrinsic safety of the British-designed Magnox reactor, for the benefit of the Government's nuclear inspectors.

It is part of a programme undertaken by the CEBG which has already undertaken similar and uneventful tests on Magnox reactors in Cumbria, in north west England, and Ayrshire, in Scotland.

These tests are carried out on reactors which have already been shut down to demonstrate that they will continue to cool

down safely even if deprived of all forced cooling.

CEBG engineers say that if something were to go awry, the cooling - but not the reactor - would be switched back on.

The test planned for the Trawsfynydd reactor next week has still to be approved by the Nuclear Installations Inspectorate.

However, Mr Frank Ledger, the CEBG member for production, said that in the light of public concern the board would consider postponing the test, even if it was approved.

Mr Ledger had agreed to meet Welsh members of Parliament led by Mr Dafydd Elis Thomas, MP for Meirionnydd Nant Conwy, to attempt to allay their fears. However, he was faced with a hostile audience of about 50 parliamentarians for an hour and a half.

Mr Thomas also invited Mr

Eddy Ryder, chief nuclear inspector, who said he had not yet reached a decision about the test.

Mr Ledger said that the CEBG expected to have the nuclear inspectors' decision on Friday, but would be reviewing both the technical aspects of the test and the strong public reaction, before deciding whether to go ahead.

He assured his hearers that there was no parallel with the Chernobyl explosion in the USSR.

The CEBG had a long-term stake in North Wales and was deeply concerned that the Welsh had been misled by false comparisons with the Chernobyl accident.

The Trawsfynydd reactor had been chosen because it had a particularly well instrumented boiler for the test planned.

'Arsonist may still be at large' rail inquiry told

Financial Times Reporter

AN ARSONIST "with a predilection for starting fires on the Underground" may still be at large, the inquiry into the King's Cross station fire in London which killed 31 people on November 18 was told yesterday.

Mr Lionel Read, QC, counsel for London Regional Transport and London Underground said that police should continue investigating whether the fire which killed 31 people was started deliberately.

Mr Read said the King's Cross fire was a tragedy unparalleled in the Underground's 125-year history.

Earlier in the inquiry's second full day Mr Roger Henderson, QC, counsel for the inquiry, had said the arson theory did not appear to "withstand analysis."

He had also said that the pace of events during the disaster was so great a senior fire officer was "substantially inaccurate" in his estimates of timing.

Mr Charles Pugh, solicitor for many of the bereaved and injured, told the inquiry that questions would have to be asked about the 15 minutes before the fatal "flash over" during which "not a drop of water" was put on the flames.

Thomas Cook ends short-haul holidays

BY DAVID CHURCHILL

THOMAS COOK, the travel agent and tour operator, is to scrap its short-haul package holiday programme to Mediterranean countries because of the fierce price war in the travel trade.

The move is the latest sign that the battle for the summer sun market is intensifying. Although holiday bookings have picked up in recent weeks, overall demand for holidays this summer is still understood to be below the level this time last year.

Travel companies blame the shortfall on general uncertainty among consumers and on holidaymakers taking a "wait-and-see" approach.

Last week Thomson and Horizon, two of the top tour operators, announced return flight deals to Spain for as little as £29. This was to sell excess airline capacity for this summer.

Thomas Cook's move has been forced on the company by the fierce competition in the market. It will take effect from October this year. The travel agent sells only about 40,000 of its own holidays to the Mediterranean and has decided that such holidays are not sufficiently profitable for them to remain in the market.

The company will, however, continue to be one of the leading travel agents for other leading tour operators to the Mediterranean.

Thomas Cook also plans to concentrate on selling more profitable long-haul holidays to the US, Caribbean, and Far East.

The long-haul market is much smaller than the short-haul sector but has been growing about three times as fast in recent years.

Mr Peter Kerker, general manager of the Cox & Kings tour company, said yesterday that "we have had to increase our allocation by 35 per cent this year, in comparison with 1987, to meet the increasing demand for our tours."

Sales in January for the company's "Grand Tour," India, and special interest holidays are already running about 15 per cent above the targeted higher level of sales.

"People are increasingly looking for a long exotic holiday which offers them an unusual experience," said Mr Kerker. He added that much of the new growth had come from young high-flying executives "who want to inject the excitement and vigour of their business life into their holidays."

Electricity seeks coal-fired plant

BY MAURICE SAMUELSON

THE ELECTRICITY industry will today seek Government permission to build two new coal-fired power stations, to replace ageing plant and to meet growing electricity demand.

The new stations, costing in the region of \$1.5bn each, would be Britain's first coal plants since Drax "B" in north Yorkshire was ordered 10 years ago to help the power plant industry in the North East of England.

The new stations will each burn 5m tonnes of coal a year and thousands of jobs will be created in power plant and civil engineering industries which have been starved of major new contracts for many years.

The 1,800MW plants will be located at Fawley, on the south coast of England and at West Burton, on the River Trent, in Nottinghamshire. Unlike the West Burton plant, where planning consent is assured, Fawley may attract local environmentalist resistance.

If planning consent is denied there, the Central Electricity Generating Board will propose a site at Kingsnorth, on the Kent coast of the Thames.

Lord Marshall, the CEBG's chairman, announced the board's intentions while addressing local members of the breakaway Union of Democratic Mineworkers in Nottinghamshire.

Local UDM pits are likely to be the main suppliers to the West Burton station. But Lord Marshall coupled his announcement with a warning that British Coal must further reduce its costs to be sure of holding its



Cooling towers at the Fiddlers' Ferry coal-fired power station in north west England

hands under a plan submitted this week to ministers in Belfast.

The scheme, by S.G. Warburg, the merchant bank, is the latest shot in the long-running battle over the future of the province's electricity industry.

The battle has until now centred on whether new generating capacity should consist of a private power station, to burn local lignite (brown coal), or an increase in coal-burning plant of the publicly-owned Northern Ireland Electricity.

The Government has invited a private consortium headed by Bechtel, the engineering group, and Hanson, the industrial conglomerate, to submit final plans for the construction of a lignite-fired station at Crumlin, County Antrim. Both groups are understood to have made final bids.

NIE argues that while it would take seven years and £500m to build the lignite station, it would take only £150m and three years to build the necessary coal burning facilities at Kilroot power station.

The Warburg scheme is tailored in a way which could enable ministers to square their preference for the private sector with their need to choose the most economically attractive option.

Under the plan, Kilroot Two would be completed on coal. The plant would be the property of the NIE, but the new boilers and generators would be financed and owned by a private sector consortium.

NIE would operate it under contract to the private developer and once the capital had been repaid it could revert to the NIE's ownership.

US AND EUROPEAN COMPANIES MAKE JOB OFFERS BRITONS FIND HARD TO REFUSE

Drug experts find low salary cure abroad

BY PETER MARSH

THE UK pharmaceutical industry is suffering from an accelerating net loss of highly qualified medical staff to jobs abroad, particularly in the US.

One reason for the trend, according to Talentmark, a recruitment agency in London specialising in medical posts, is that UK-based companies often find it tough to match the overseas salaries and working conditions.

Another factor is what seems to be an increased desire by US pharmaceutical companies with UK subsidiaries to locate more top

jobs in the US, with a consequent flow of executive staff across the Atlantic.

Dr Tony Chandler, managing director of Talentmark, said: "The drain of staff promises to become a significant problem for the UK industry - but many British companies have not yet woken up to it."

According to Dr Chandler, the number of people leaving is small by comparison with the 480 or so medically qualified executives in the UK pharmaceutical industry. He added, however, that the emigrés were in

many cases relatively young, gifted people in their 30s whom the UK business could ill afford to lose.

According to a survey by Talentmark, 17 medical executives left the UK-based pharmaceutical industry last year for similar jobs in overseas companies, compared with two entering the industry from abroad.

Four of the jobs were in West Germany, with one each in France, Holland and Hong Kong and 10 in the US. The two people entering the UK industry came from jobs in the US and Holland.

In 1986, 16 people went from medical posts within UK-based companies to overseas positions, compared with four going the other way.

In 1982, seven medically qualified staff went abroad, with four coming in.

According to Dr Chandler, US pharmaceutical companies which in recent years had shown a particular keenness to base more of their decision-making in the US rather than in Britain included G.D. Searle, Warner Lambert and Merck Sharp and Dohme.

In Brief Peugeot to 'spy' on dealer network

Peugeot Talbot is to send some 6,000 "spy" customers and teams of engineers from the Automobile Association to check the performance of its 400-strong dealer network, writes John Griffiths.

Peugeot claims the initiative to be the first by a big UK-based car maker involving independent assessors. The customer spies will each make 12 visits to a dealer and report on how they are treated.

Dealers, who are said to support the scheme, are eligible for cash bonuses for reaching given standards of service under an incentive scheme introduced two years ago.

Carrington move

Lord Carrington, 68, who retired as secretary general of Nato in May, will become the chairman of Christie's International on July 1. He will succeed Mr Jo Floyd, 64, who is to continue as a non-executive director.

Miners' training call

Nottinghamshire members of the Union of Democratic Mineworkers, which broke away from the National Union of Miners after the 1984-85 coal strike, backed leaders' calls to train members to take the role of pit deputies. A 24-hour strike by the deputies, who supervise pit safety, resulted in 100,000 miners being sent home without pay on Monday.

Whisky buy-out

Inver House Distillers, which blends and markets whisky brands Pinwinie, Inver House, Green Field and MacArthur's, has been bought by its management from US parent company Publicker Industries in a \$8.05m deal.

BCal resignations

The senior directors of British Caledonian Airways have resigned their posts following reorganisation of the airline's management following its merger with British Airways. Executive directors Sir Adam Thomson, chairman and founder of the airline, Mr Alastair Pugh and Mr David Colman have resigned at the request of BA.

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A more intelligent approach to computing

سكرا من الاجل

UK reserves hit by debt payment and weak dollar

BY SIMON HOLBERTON

BRITAIN'S foreign currency and gold reserves fell by \$1.2bn last month after an official debt repayment and a writedown in value of a proportion of the reserves to take account of the dollar's sharp fall in the last quarter of 1987. As such the revaluation effect gives an indication of the potential losses involved in currency market intervention to support the dollar. Underlying foreign currency reserves, a measure which strips out official debt repayment and valuation changes, rose by \$38m in January. This compares with a consensus expectation by City of London analysts of a \$1bn rise. The UK Treasury said the fall in total reserves consisted of \$58m repayment of public sector debt and a valuation loss of \$660m incurred after the swart arrangement with the European Monetary Co-operation Fund, the institution responsible for co-ordination of the European Monetary System (EMS). The UK Government is a member of the EMS - although it has yet to join the system's exchange-rate mechanism - and as such undertakes to hold 20 per cent of the nation's gold and foreign currency reserves in European currency units. However, the Government's policy of holding sterling within a DM2.96 to DM3 trading range is seen by some as

effective membership of the EMS. The UK Treasury maintains that the cost of intervention is difficult to measure and depends on the future rate of exchange at which past currency positions are converted. It says that intervention in past years has tended to be profitable. The small size of the underlying rise in reserves in January surprised the City of London which had expected another month of strong growth in official holding of foreign currencies. In December reserves rose by \$3.7bn. This leads some to think that large dollar positions which were built up earlier in the month to support the US currency were sold to support sterling later in the month when there was evidence of the pound weakening. The Bank of England is not thought, however, to have participated with any vigour in the co-ordinated central bank intervention early in January. From the Bank's point of view sterling was sidelined for most of the month, with the dollar firm and the D-Mark comfortably within its officially desired range. Official reserves stood at \$43.09bn (£24.35bn) at the end of January compared with \$44.33bn (£29.49bn) at the end of December.

Harvard Securities will not pay final dividend

BY CLIVE WOLMAN

HARVARD SECURITIES, one of the largest market-makers in unquoted, over-the-counter shares, which is facing the threat of being taken out of business by the new City of London regulatory structure, yesterday announced that it would not be paying its shareholders a final dividend. The reason is that the company lost \$2.5m in the stock market crash in October. In the financial year to September 30 the company made a pre-tax profit of \$714,000 (\$329,000 after tax) compared

with £1.5m in the previous year. Turnover soared during the 1986-87 year to \$214m, up from \$81.2m in the previous year, as a result of the "explosive expansion and growth" in the first six-month period. However the company says that its business suffered in the second half as a result of the decision by the Stock Exchange to accept the company as an external member. Harvard is planning to apply to the self-regulating organisations for authorisation under the Financial Services Act.

Government grants wider role to building societies

BY DAVID BARCHARD

BUILDING SOCIETIES were yesterday given powers that will transform their business activities. They will enable the societies - the main source of house purchase funding in Britain - to compete in sectors such as fund management and banking and financial services. However, the Government has been much more cautious in giving societies higher ceilings on loans. Unsecured lending to individuals has been increased from the present \$5,000 to \$10,000, a figure well below that the

building societies had asked for. The societies have been reminded that they are chiefly in the business of collecting savings to fund house purchases. Though they will now be allowed to take an equity stake in life and general insurance companies and stockbrokers, they will not be allowed to have a majority stake and they will not be allowed to become market makers. The Government clearly feels that as institutions, the building societies still need to be

sheltered from the risks inherent in making large loans or the general insurance business. The Building Societies Association expressed disappointment over a \$10,000 limit imposed on unsecured loans. Mr John Bayliss, general manager of the Abbey National, said that building societies had still not been given "level playing fields" to compete with the banks. "The \$10,000 limit on unsecured lending to individuals doesn't even allow you to do a decent bridging loan," he said. Lex, Page 20

Giving 'novice' lenders a cue



"THE banks can still do a range of things that we can't," said Mr John Bayliss, the Abbey National's general manager, after hearing details of the powers given to Building Societies after the Government's review of Schedule 8 of the 1986 Building Societies Act. The societies had asked for the review when it became clear early this decade that most of them found the 1986 Act, which was intended to expand their range of activities, too confining in a largely deregulated, increasingly competitive and rapidly changing market.

Mr Peter Lilley, Economic Secretary to the Treasury, said when announcing the results of the review in a written answer to the House of Commons yesterday, there has been a shift away from banning Building Societies from everything except narrowly specified powers, towards giving them broadly specified powers within which particular activities are prohibited. Building Societies can now offer financial services such as fund management, including that of unit trusts, which have hitherto been closed to them. They may also take stakes in both life and general insurance companies and stockbrokers.

The review establishes the setting within which building societies must now operate, unless they choose to step outside the framework of the Act altogether. Building societies have for several years felt that they were competing directly with the banks and other institutions which have invaded their traditional markets, but that they were obliged to play with one arm tied behind their backs. They hoped that Schedule 8, which defines the permissible range of their activities, would end all that. The Schedule 8 review has provided the societies with some of what they wanted. As

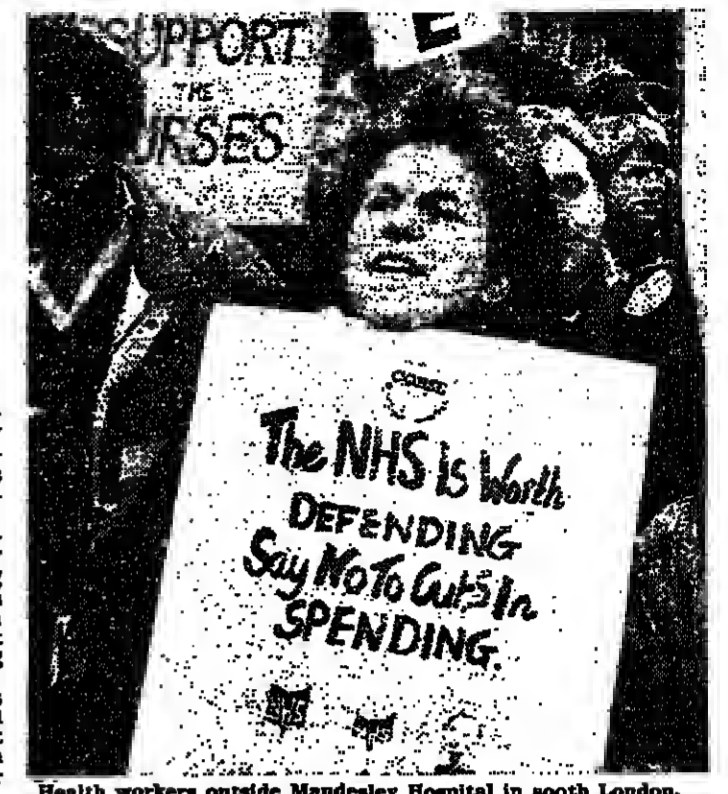
world give to their lending activities. The societies had hoped for an increase in the ceiling on unsecured lending to individuals from the present \$5,000 to \$20,000 or more. On asset limits, the proportion of their assets which are not residential mortgages, they had hoped for an immediate rise in Class 2 (secured lending) and Class 3 (unsecured lending) to levels close to the maximum permitted limits under the 1986 Act. Here Mr Lilley has dashed hopes. He has held unsecured lending to individuals down to \$10,000 and agreed to raise the Class 2 and 3 limits only by stages over five years until they reach their legal ceilings in 1993.

The argument is that building societies, unlike banks, are novices in the risky business of lending and must serve an apprenticeship - an argument which found little favour with the larger societies yesterday. The Government has promised to implement the changes as soon as possible, with the draft orders going before Parliament by Easter to building societies can obtain the necessary authorisation from their members at annual general meetings this spring.

Striking nurses hear of secret pay plan

By David Brindle and Peter Hiddle

THE GOVERNMENT has proposed a system of regional pay variation and discretionary special payments for nurses in its evidence to the profession's salary review body. The Government's confidential evidence to the review body has been disclosed in Nursing Times magazine as thousands of nurses and other health workers strike today in protest at the Government's handling of the National Health Service. Under the proposals, nurses working in inner London could win pay rises up to 12 per cent above basic increases. Those in outer London and some other areas with recruitment problems could win an extra 8 per cent. However, the Government has told the review body to allow "just under 3 per cent" for inflation - a move which sparked controversy last night and diverted attention from the generally bigger increases implicit in the proposals. The Royal College of Nursing, the biggest nurses' union, said it was "crass in the extreme" for ministers to specify such a low inflation figure. The Retail Price Index is currently running at a year-on-year increase of 3.7 per cent. The Department of Health



Health workers outside Maudsley Hospital in south London. The strike started a week of industrial action in the NHS and Social Security last night. The strike started a week of industrial action in the NHS. The cost-of-living increase would be added to these rates. Mr Hector MacKenzie, general secretary of the Co-Health workers' union and lead negotiator of all the nursing unions, said last night: "It just shows how insensitive this Government is. They just have not appreciated or understood the anger amongst nurses." Parliament and Employment News, Pages 16 and 18

Court action over ferry dispute

BY JIMMY BURNS, LABOUR STAFF

SEALINK UK and P&O, both UK ferry companies, last night announced that they would seek an enforcement of a High Court order against the National Union of Seamen which would involve heavy fines and sequestration of the union's funds. The move came as the union defied the court order and caused widespread disruption to ferry and freight traffic in its first national strike since 1981. The strike which began at midnight on Monday had by last night halted UK-flagged ships in all the major British ports although a limited number of UK ferries were sailing from Dover, Portsmouth, and Folkestone. The action involved

about 80 per cent of the approximately 7,000 NUS members employed in the ferry and freight sector. Worst hit were ports on the Irish Sea and North Sea coasts where support for the strike following meetings was strong. Mr Alistair McLoughlin, the head of the Confederation of British Industry in Northern Ireland, where manufacturing is dependent on sea freight, warned yesterday that the strike would have a crippling effect on the Province. "We are saying it is suicidal to engage in any action which will damage the industry of the Province because what you are doing effectively is exporting jobs to our competitors."

Sealink UK said that it had decided to give notice to the High Court that it wished to be heard "as soon as possible" in an action of contempt of court brought against the union. Following consultation with its lawyers, the NUS last night said that it had been instructed that any further statement on the day's events might be construed as encouragement of strike action and therefore in contempt of court. However, it is understood that the union has decided to test the UK Government's trade union laws on the grounds that it is encouraging local officials to conduct ballots and that the strike is broadly in defiance of pay and conditions in the industry.

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APPOINTMENTS

United Glass posts

Mr John Griffin has been appointed managing director of UNITED GLASS, succeeding Mr John Small, who will retire in May. Mr Griffin is a director of United Glass Holdings and of United Glass. Mr Neil McDonnell has been appointed a director of United Glass Holdings. Ms Kay Brown, Mr John Daniels, Mr Malcolm Giffin and Mr McDonnell have been appointed directors of United Glass.

SAUNDERS DESIGN, part of the WCBG Group, has appointed Mr Roland Deaming as joint chairman.

FRASER MARE FINANCIAL SERVICES has appointed Mr Gilbert McNeill-Moos as a director. He was chairman of C. Howard & Partners.

F.J.C. LILLEY has appointed Mr Graham Watts as administration director and group secretary. He was managing director of Coast Paton subsidiaries in South Africa.

Mr Christopher White-Thompson has been appointed to the board of FARRISEL. He was a director of Mercantile House Holdings and chief executive of Oppenheimer Fund Management.

The ABBEY LIFE GROUP direct sales force division has been restructured on a regional basis under two agency operations directors. They are Mr Dennis Ryan, formerly head of Operation Endeavour, and Mr David Poulton, who joins the company in March from Bothmans (UK) where he is sales and distribution director.

Miss Lisa Spiro has been appointed head of public relations in London for SALOMON BROTHERS INTERNATIONAL. She was a director of Charles Barker City.

TRISTAR DATA SYSTEMS has promoted to managing director Mr Ray Farrenkothen, who was sales director. He replaces Mr John Engelbrecht who is taking a sabbatical.

Mr Hugh Gledhill has been appointed sales and marketing director for the WEDGWOOD GROUP.

W.J. SHORE & CO., Bristol, has appointed Mr Geoff Grounds, its pensions development manager, to assistant director (pensions), with particular responsibility for group pension schemes.

HOGG ROBINSON has appointed Mr John Bryan to the board. He is managing

director of Hogg Robinson Property Services.

Mr George Wilson has been appointed production director of OSBORNE ELECTRONICS, Isle of Wight, a division of Crystalate Electronics. He was general manager at Thorn ENI Electronics.

Mr Alan Brooker has been appointed a non-executive director and deputy chairman and Mr Bob King, managing director of Kode Computers, and Mr Stephen Day, managing director of KAM Circuits, have been appointed executive directors of KODE INTERNATIONAL. Mr Brooker, who was chairman and chief executive of Extel Group, becomes deputy chairman and will assume the chairmanship when Mr Ron Marier retires later this year.

THE DELTA GROUP has made a number of organisational changes and appointments. A new group board is being formed and will take over operational responsibility so that the board can concentrate on strategic direction and supervision. The fluid controls and metal divisions are being merged to form a new engineering division reflecting the integration between the company's fluid and gas control business and its metal forming capability. Mr Eddie Garvey will be appointed managing director, engineering division.

Following the move of Hilton International headquarters to London, LADBROKE GROUP has appointed Mr Martin Gatto as its chief financial officer; he was finance director of Ladbroke Hotels. Mr Olat Bonde, senior vice president - Central Europe and Eastern Mediterranean, becomes senior vice president development. Mr John Wilson, assistant managing director of Ladbroke Hotels, is appointed senior vice president - Europe and Africa. Mr Alan Bridle, who was HI's financial controller, will be appointed senior vice president treasury, following the move to London. Mr Jean-Claude Noel becomes vice president - France, Switzerland and West Africa, from March 1. Mr David Michels, deputy managing director of Ladbroke Hotels, becomes senior vice president - sales and marketing (designate). He will replace Mr Fred Rnoef, who is due to retire at the end of February. Mr Peter Aird, senior vice president - treasury, and Mr Pierre Jaquillard, senior vice president - Western Europe, Gulf and Africa are taking early retirement.

UK NEWS

Steven Butler looks in on Enterprise Oil's North Sea gamble

Drilling with a bit of boldness

LOOKING north-west from the deck of the Dundee Kingsnorth, a semi-submersible drilling rig 100 or so miles off the coast of Aberdeen, one can see the huge platforms of the Forties Field and their yellow flares billowing before the wind. Below, through the steel-grey waters of the North Sea, a drill string is turning deeper and deeper into the earth.

If the drill bit eventually plunges into a big reservoir of oil, it would be a coup for Enterprise Oil, the independent exploration and development company created just four years ago in a government privatisation.

Indeed, a substantial find could be seen as confirmation that the independent oil companies do have an important role to play. It might even help to protect Enterprise from the hunger of the big oil companies to increase North Sea acreage.

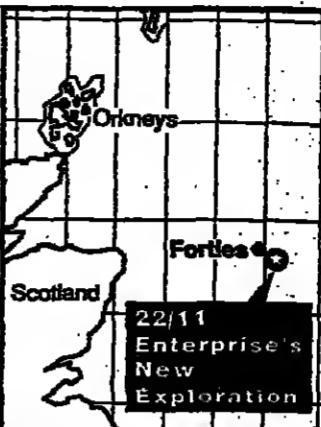
The premium on Enterprise shares, which oil analysts attribute to the company's reputation for high quality management, might widen further if the company succeeds in this bold exploration.

In early December, Enterprise astounded the oil industry with a studiously understated announcement entitled "acreage rationalisation." One would have had to read the dry, two-page release rather carefully to recognise that Enterprise had done what few small, independent oil companies would dare to risk - to take a 100 per cent interest in a block of North Sea oil acreage.

That is rare enough for one of the oil giants, let alone an upstart company spun off from British Gas in 1983. In a series of trades, Enterprise had started with 20 per cent and subsequently acquired all of its partners' interests in block 22/11.

To hear some oil analysts tell the tale, it was an audacious, even cunning strategy in which Enterprise created a smoke-screen of complex deals in order to disguise its real intention from negotiating partners, which included Chevron, British and Conoco.

Mr Julian West, of Enterprise



prise, says that is something of an exaggeration. Rather, he says, the initial deal was the culmination of an effort begun in 1986 to assess Enterprise's oil interests and to move toward larger stakes in fewer properties.

Block 22/11 was one field that Enterprise had earmarked for a bigger interest, and it found all of its partners in the field were willing to trade for something else that Enterprise had on offer. After a bit of soul-searching, Enterprise decided it felt confident enough to go up to 100 per cent.

Mr West says: "We had a view of the geology of that block that was not shared by our partners in that field."

Aside from the seismic surveys to which all the partners had access, Enterprise's confidence was boosted by knowledge that it gained from a partnership on a bordering field.

Of course, Enterprise did not disclose its full hand and none of the negotiating partners knew until after agreeing on the deal that Enterprise had built such a big stake. While Enterprise may seem to have forced its former partners, one should not underestimate the risk it has taken on.

Just a few weeks after announcing the deal, Enterprise had brought the Dundee Kingsnorth out of mothballs - it had been stacked up for more than a year on the Scottish coast -

and began its first exploration well. Enterprise was aware that the Dundee Kingsnorth had a solid reputation in the industry as a "lucky rig," although Mr West says there was not much else available at the time.

The first exploration well is complete, with core samples under analysis. A second well, drilled from an angle at the same site, will be started immediately.

Even a relatively small find would make Enterprise look rather clever. A medium-sized find would open the possibility that Enterprise could operate the field when it eventually goes into production, and that would vastly raise the company's profile in the industry.

A large discovery, say more than 100m barrels, might put development of the field beyond the resources of Enterprise. In any case, development would have to be co-ordinated with Shell, which holds the licence on a neighbouring property that sits over the same structure.

In another two months, Enterprise will have a better idea whether it has pulled off an enormous coup or made something of a fool of itself. The Enterprise staff who understand the technical aspects of subsea geology cannot restrain their enthusiasm for the present drilling operation.

Revenue concerned over bond tax avoidance plan

BY BARRY RILEY

THE INLAND Revenue is concerned about the growing incidence of tax avoidance through sophisticated use of indexation concessions granted in Schedule 19 of the 1986 Finance Act.

Lloyd's underwriting syndicates and certain multinational companies have discovered that their investment returns can be enhanced, or tax payments reduced, if they use short-term cost-of-living bonds. Since 1985, such bonds have qualified for an indexation allowance before capital gains tax liability is calculated.

For instance, Lloyd's syndicates have invested large sums from their premium income, perhaps more than £2bn, in index-linked bonds issued by US organisations such as the Student Loan Marketing Association (Sallie Mae).

S Africa seizes assets of British jeweller's

BY GORDON CRAM

A BRITISH company's assets have been seized in South Africa as part of a case which involves an alleged £2.8m (£22.8m) breach of Pretoria's strict exchange control laws.

Government authorities at the South African Reserve Bank have taken charge of a majority parcel of shares in Sterns Diamond Organisation, one of the country's best-known jewellery chains.

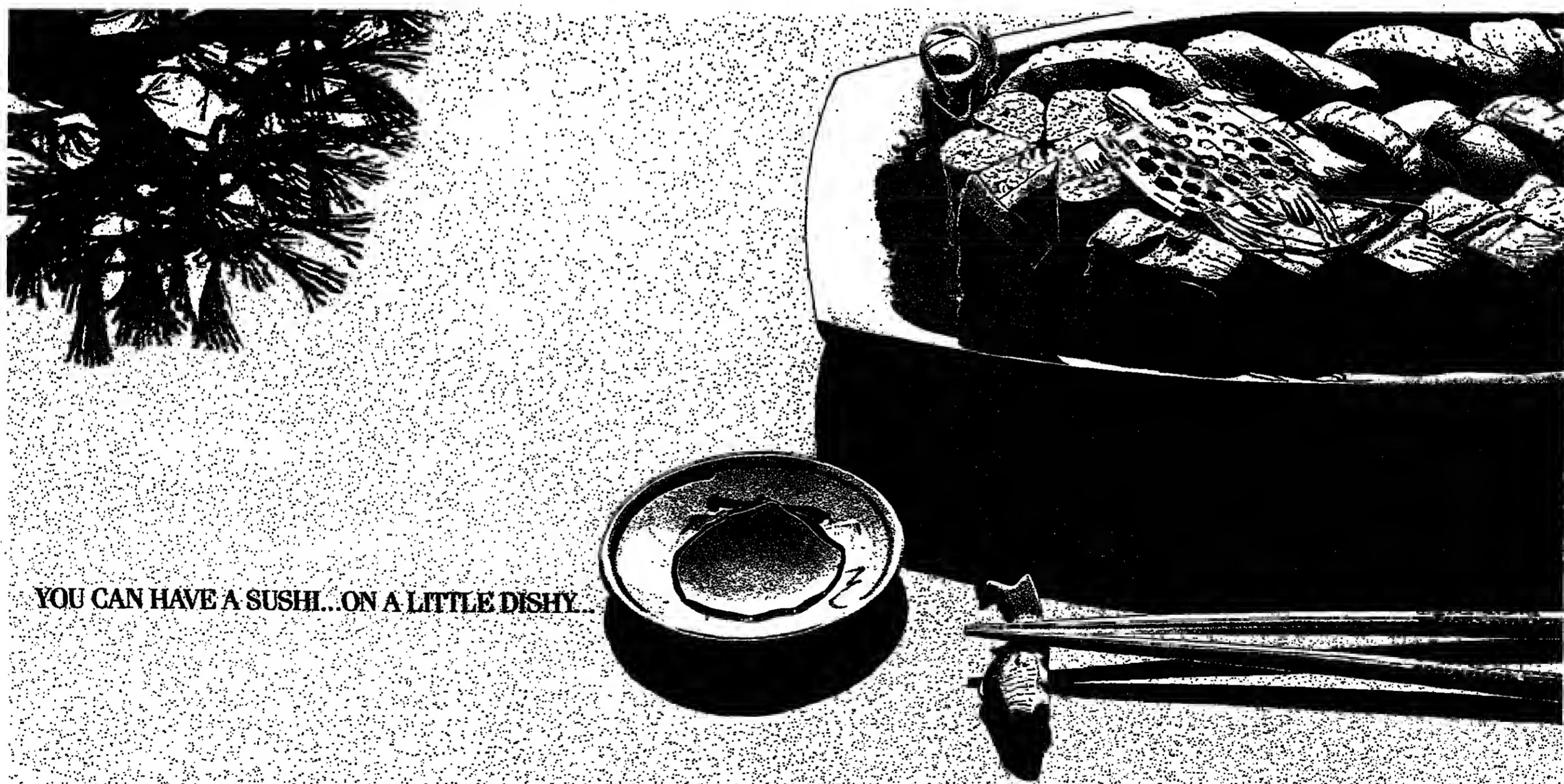
The holding, worth more than £10m, was bought last year by Europa Acceptance Group, a London-based private company known formerly as Sylvcrest, which acts as the UK vehicle for the Jaquesson family of South African Indian origin.

Mr Maurice Jaquesson, who faces the charges and was refused bail last Friday, is chairman of Sterns. He is a

non-executive director of Europa, and his brother Mr Solly Jaquesson, who lives in exile in Britain, is managing director.

Europa said it had offered the shares as surety for bail. The shareholding represents about 85 per cent of Sterns's equity and was built up using financial funds, the favourable rate designed for inward investment in South Africa's two-tier currency system. Europa says no Sterns funds have been repatriated to the UK.

Reserve Bank officials took the Sterns scrip from the offices of stockbroker Max Polak & Freemantle. Mr Solly Jaquesson said in London: "We have complied with all the rules of the Johannesburg Stock Exchange but it is not lifting a finger to support us."



YOU CAN HAVE A SUSHI... ON A LITTLE DISH...

"Sushi", for those unfamiliar with Japanese cuisine, is a dish based on a special vinegared rice. It's usually served as an appetiser.

Sushi is just one of the attractions you may find on the menu at a canteen not in Tokyo, but in Tyne & Wear.

As you've probably guessed, we're referring to the Nissan plant at Sunderland.

Gardner Merchant won the company's catering contract some three years ago, with a brief that required the development of a remarkable culinary split personality. On the one hand, there are 1100 hungry mouths to feed in the traditional English way.

Yet at the same time, the small number of Japanese staff plus visiting Japanese dignitaries have to be served in the manner to which they are accustomed.

So after a lot of hard work to master the considerable complexities of Japanese cuisine, you'll find the Gardner Merchant team are happy to serve seaweed alongside the more familiar roast beef and Yorkshire pudding. While Tempura makes a tempting alternative to steak & kidney pie.

And from Japanese and British workers alike, the verdict on the dual-nationality menu is a resounding 'thumbs-up'. Yet another vote of confidence for Gardner Merchant's quality.

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David Barchard, until last month the FT's correspondent in Ankara, describes Turkey's transformation since the 1980 coup

A bumpy ride into the modern world

AT SOME TIME during the eight years I spent in Ankara as a foreign journalist, it stopped being a hardship. The privations of daily life in Turkey - the power cuts and shortages of everything from light bulbs to petrol - ended.

well below that of the rest of the OECD, at about \$1,000 (£565) a year. The transformation is real. When I arrived in the country, the same cities which are beginning to look so opulent today were paralysed. Theatrical productions played to empty houses because shooting on the streets made people afraid to go out at night. You never needed to book a restaurant table because few people had any money to spend on eating out.

Improvements in day-to-day life excite less gratitude, though everyone scrambles to grab what they can from Mr Ozal's cornucopia. There is also some scepticism about how long the boom will last. Is it just a reflection of heavy foreign borrowing? Under Mr Ozal, Turkey's external debt burden has risen from about \$15bn to \$35bn, although this is partly a result of the fall of the dollar. Turks have seen too many balances of payments crises not to wonder whether another is around the corner.

There are deeper questions too. The Far Eastern countries, which Mr Ozal admires, mostly have a much stronger administrative, educational and cultural basis for their economic achievements. Turkey is still psychologically isolated from the rest of the world. This has deep roots in a society which has had uneven success in adapting to Western ways.

Both the Marxists and the Islamic revivalists would dearly love to do so. For the time being their way is blocked by the power of the army, which sees itself as guardian of the political and constitutional settlement it imposed on the country in the 1920s, under Ataturk, and reinforced after 1980.

THE PRINCIPLE of the lever is striking and great achievements can result from small initiatives. In November 1987 it was announced that a Centre for Exploitation of Science and Technology (CEST) was to be established in Manchester, drawing on the resources of a consortium of universities in seeking to influence the shape of UK science and technology.

Government, meanwhile, has settled for a very modest bet on the outcome, for how else could £1m be described? At the outset this may be right, but if CEST "works" it would be shortsighted to refuse new money. The Government has repeatedly insisted on holding to level funding for the science budget, but has also said that it would be "more likely to be persuaded of the value of increasing public investment in science if the scientific community, and the users of its products, can point to increasing economic and social benefits, and in particular to prospects for increased national wealth".

So what may go wrong? Two dangers stand out. Britain has never lacked advisory bodies. The problems have lain rather in deciding which advice was good and acting on it.



Work on Istanbul's new Galata bridge, one of the many construction projects changing the face of Turkey

UK science and technology

In search of a marriage of convenience

By Roger Williams

training ground of the higher civil service, says: "Islamic street leaders tend to have connections with ministries before they graduate. You cannot get into some ministries, notably the Interior and Education, unless you are a member of an identifiable Islamic group."

No one knows whether Islamic reactivators signal long-term social and political dangers, or a temporary dualism created by the overlapping of traditional and modern cultures.

Under Mr Ozal, the state-controlled television pays lip service to Islamic fundamentalism. But its weekly schedules also include hours of rock music and other programmes which seem intended to foster Western tastes.

More recently, in a country where all official utterances are made with ashen-faced solemnity, the Government has arranged television showings of old episodes of the BBC production "Yes, Minister". A Turkish Cabinet minister explains that this is a conscious step to enhance the nation's political maturity and understanding of democratic values.

The best educated Turks lead a disconcertingly large amount of their lives in English. Turkish culture is dreadfully politicised, being

The British way is better

From Mr Erik Lambert. Sir, The announcement of an important study into the costs of television advertisements (FT, January 26), and its startling hypothesis, leaves one wondering.

British regulation of television via a series of inquiries (the latest was the Dencock Report) has always been admired here in France. But the projected study looks curiously similar to the French way of doing things: an objective is determined outside any other consideration, and any argument is then valid to justify it.

Technical developments and the initiatives of the European Commission and Council will have a formidable impact on the structures of television in every European country. In discussing the future of television, please remain British. Do not do it the French way. Do not allow short-term interests to muddy the issues at stake.

Erik Lambert, Communication Media Technology, 10 Rue Vivienne, 75002 Paris.

Letters to the Editor

Put monnet in thy purse

From Mr D. Simon Harper. Sir, Every time I read or hear the expression "European Currency Unit" I have an urge to write to a newspaper and suggest a better name. This suggestion I have long had in mind seems so self-evident that thousands of people must have thought of it. But I continue to read about the European Currency Unit, and it continues to grate on me.

Currency names are high-frequency words; they need to be short. Most of them are. Many have only one syllable: pound, cent, mark, franc, crown, yen, shilling, penny, rouble, schilling, guilder, lire. It is true that the European Currency Unit (nine syllables) is usually shortened to "ECU" - but you can say "the peseta" faster and with less enunciation effort than you can say "Three-ee-see-you."

There is an old and sensible tradition whereby units are named in honour of men and women who have contributed prominently to the sciences in which they are used: watt, ampere, volt, ohm, hertz, angstrom, joule, curie, newton and so on. As yet there is only one candidate: the monnet.

Could any other name be better for the purpose? Jean Monnet might almost have picked his parents with this honour in mind. We may be a bit hazy about the sinner, but the honour will never give us any trouble - it carries the mind straight to money, monnaie, moneda. As the Americans say, a name that we can get the London taxi driver to accept any kind of European currency, but we shall get there faster with the monnet than with the ECU.

Home thoughts on abroad

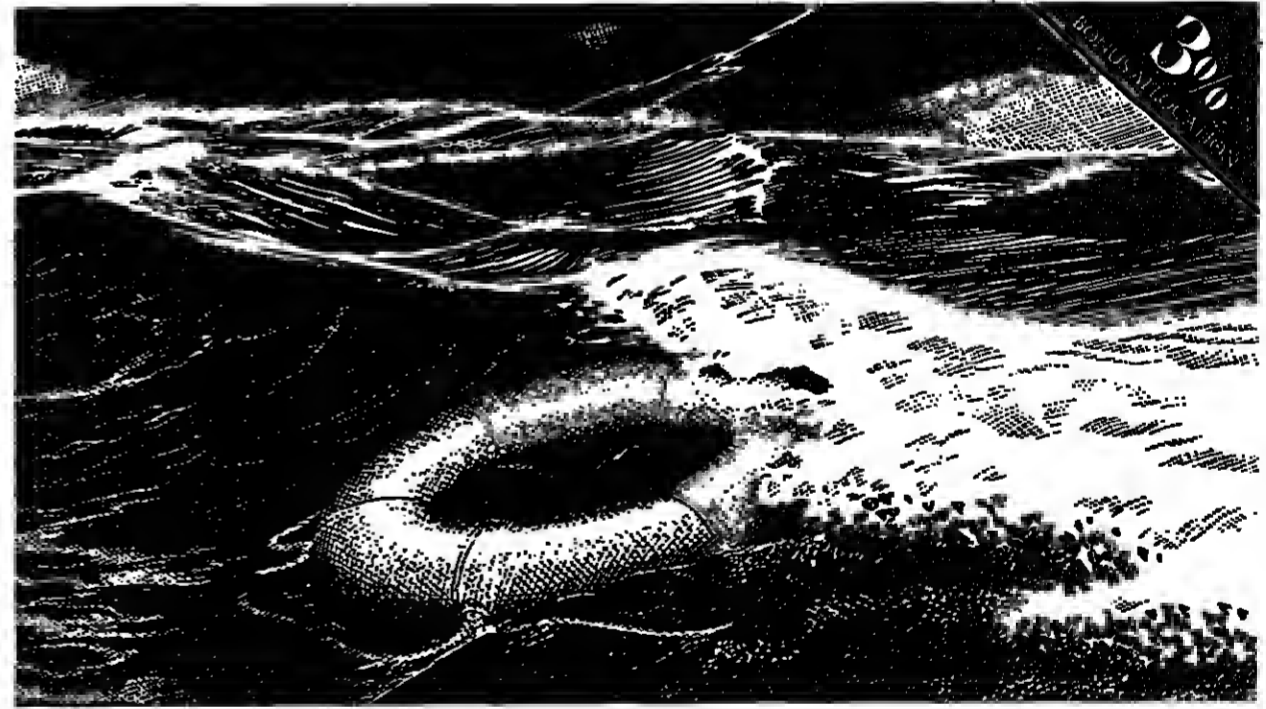
From Mr Ian Miles. Sir, No English equivalent for the ugly "domotique"? France taking the lead in "intelligent homes" ("Home Sweet Home," January 22)?

The term "home informatics" was used for an international conference held in the UK in November 1986, partly sponsored by the Department of Trade and Industry. It featured the European idea of "interactive home systems" (IHS) - a challenge to the Japanese/US idea of "smart homes".

From Mr J. Roy. Sir, The use of aerosol sprays as weapons ("Defensive Posture," January 16) will be in breach of the existing 1968 Firearms Act. They would be classed as a "prohibited weapon" because aerosols would be termed as "designed for the discharge of noxious gases or liquids."

David White should also have warned that you may use only minimum force to resist your attacker, and your response must cease when the attack does.

J. Roy, 140 Merchiston Ness, Edinburgh, Scotland.



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'Management experts will pore over Midland and Crocker'

From Mr Andrew Campbell. Sir, In the early 1980s I was working as a consultant with the top management group at Midland; I congratulate David Lascelles for a penetratingly accurate description of the Midland/Crocker saga (FT, January 25, 27, 29).

Our research, based on 16 British multi-nationals, has shown that the hands-off "holding company" style is inferior to the alternatives: strong planning influence or strong control influence. It was the Midland's failure to develop one of the acceptable management styles at the centre that allowed it to get into the Crocker deal in the first place - and made it possible for Tom Wilcox to run circles round his British opposite number. The result was wrecked careers for

a number of capable people, as well as a near-sinking of Midland. As companies face large expansion or diversification decisions, it is essential that they consider whether their headquarters has a robust and effective management style.

From Mr David Hilditch. Sir, I congratulate David Lascelles for his enthralling series of articles on the Midland/Crocker debacle (FT, January 25, 27, 29). As one of the (very few) less senior people who served with both banks during the "troubles", much of what I read rang true.

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Ferruzzi trading halted as share price plunges

BY JOHN WYLES IN ROME

TRADING in Ferruzzi and Montedison companies was suspended on the Milan bourse yesterday after their shares fell into a free fall in reaction to the reorganisation plans announced at the weekend by Mr Raul Gardini, the Ferruzzi group's chairman.

holders in Montedison and in Meta. "If a blue chip company can get away with behaviour like this, people are going to be very scared about investing in the Italian stock market," said one financial analyst in Milan.

group's 40 per cent holding in Montedison had been valued at cost, which is about three times the present stock market value of Montedison shares.

PepsiCo sparkles with 26% advance

By James Buchan in New York

PEPSICO, the world's second largest producer of soft drinks, yesterday reported a 26 per cent increase in net income in the fourth quarter on the strength of big gains in profitability at all three of its main businesses.

UK-BASED GROUP EXPECTED TO RAISE £134M ON SALE OF 12% OF OUTLETS

GrandMet to sell off 700 pubs

BY LISA WOOD IN LONDON

GRAND METROPOLITAN, the UK-based drinks and hotel group, is to sell about 700 tenanted public houses - 12 per cent of its licensed outlets. Analysts estimate the sales could raise more than £130m (£234m).

major brewers have concentrated on building up their estates of public houses with disposals being made on a piecemeal basis.

GrandMet said: "This is very much an upgrading of our portfolio of properties. We looked at the shape of our tenanted estate from the trading point of view. The public houses to be sold make up less than 2 per cent of our overall beer sales."

anted houses, GrandMet said, had nothing to do with the current Monopoly and Mergers Commission inquiry into the brewing industry. The move will, however, cut the concentration of its public houses in areas such as East Anglia, where critics have alleged it had a near monopoly on public house beer sales.

Abitibi improves to C\$125m

By Our Financial Staff

ABITIBI-PRICE, the Toronto-based newsprint group, has reported earnings for the 1987 fourth quarter of C\$34.5m (US\$27.2m) or 47 cents a share, against C\$28.3m or 38 cents a share earlier.

Lockheed earnings rise 22% to \$134m

By Our Financial Staff

LOCKHEED, the leading US aerospace contractor, reported a 22 per cent rise in fourth-quarter net profits to \$134m or \$2.07 a share, up from \$110m or \$1.67 for the same period in 1986.

Record quarter for American Cyanamid

By Our Financial Staff

AMERICAN CYANAMID, the US biotechnology and chemicals company, raised its fourth-quarter profits to \$60.8m or 67 cents a share in 1987 from \$52.1m or 56 cents a share earlier.

Farmers Group forecasts 15% boost in profits for full year

By Nick Bunker in London

FARMERS GROUP, the US insurer facing a \$4.2bn bid from BAT Industries of the UK, has told its first meeting with stockbrokers' analysts in its 60-year history that it is expecting to show a 15.5 per cent rise in earnings for 1987.

RJR ahead 18% in quarter

By Our New York Staff

RJR NABISCO, the large US tobacco and consumer products company, has reported an increase of 18 per cent in fourth-quarter earnings to \$370m or \$1.46 a share. Revenues increased 5 per cent to \$4.4bn.

UK freight group to seek London listing

BY KEVIN BROWN, TRANSPORT CORRESPONDENT, IN LONDON

THE BOARD of National Freight Consortium, the British employee-owned transport and distribution group, yesterday announced plans to seek shareholder approval for a London Stock Exchange listing.

equity issued after a listing would be offered first to existing shareholders. Sir Peter said the Stock Exchange authorities had recognised that NFG had an "unusual" shareholding structure, and there had been some concern that a precedent might be set, but "golden shares" were "not unknown" to them.

Advertisement for Taiyo Kagaku Co., Ltd. featuring U.S. \$50,000,000 5 1/2 per cent Guaranteed Bonds due 1993 with Warrants. The Dai-ichi Kangyo Bank, Limited.

An individual investment outlook for 1988

Patience, Discipline and Forethought

Reflecting about the events of the recent past, investors the world over have more to consider than ever before.

What lies ahead

Given the unprecedented swings in the world's financial markets late last year, it is prudent for investors to approach 1988 with a certain degree of caution.

However, it is equally important to be in a position to take advantage of the new investment opportunities that are emerging, and this will require patience, discipline and forethought.

Time to re-evaluate

We at Merrill Lynch suggest that you carefully re-evaluate your financial goals, as well as your tolerance for risk.

You should also resolve to pursue a disciplined, informed course of action. Critically evaluate your current holdings, formulate an investment strategy based on sound information, and only make new investments that fit in with your personal goals. Being successful in today's environment will require a good deal more planning, information and flexibility than ever before.

The long view

Above all, you should stand back from recent events and adopt a broad, long-term perspective. The uncertainties of the last few months will eventually pass and investments based on sound, fundamental values will continue to be rewarding.

Gaining the advantage

During the year it will be critically important to have continuing access to the kind of expert insight that can help you keep in touch with fast-changing events.

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INTL. COMPANIES AND FINANCE

WOW unit put in hands of liquidator

By David Dodwell in Hong Kong
SOURCING International, the Hong Kong subsidiary of Worlds of Wonder (WOW), the selling US toys group, has been put in the hands of a provisional liquidator. The move effectively stayed a number of legal actions involving claims against the company amounting to several hundred million Hong Kong dollars.
WOW filed for Chapter 11 protection in the US just before Christmas. In November it announced third-quarter losses of US\$43m.
The collapse inflicted deep wounds on a number of Hong Kong's largest toy manufacturers. Sourcing International, which is wholly owned by Worlds of Wonder and acted in Hong Kong as its purchasing agent, said yesterday a Price Waterhouse accountant had been appointed provisional liquidator. A creditors meeting is planned for February 29.
Five local companies have told the Hong Kong Stock Exchange of an exposure totalling HK\$422m (US\$64.1m). The largest, General Electronics, said it was owed HK\$179m.
Sourcing said the decision stemmed from "the desire by certain creditors to satisfy their claims by having our assets sold."

Smorgon family launches A\$700m bid for Humes

BY CHRIS SHERWELL IN SYDNEY
THE SMORGON family, one of Australia's best-known and most successful private business groups, yesterday launched a A\$700m (US\$496.5m) bid for Humes, the Melbourne building products company.
The offer of A\$2.40 cash for each share and convertible note not already owned is being made through a subsidiary of Smorgon Consolidated Industries and is subject to a 90 per cent acceptance condition.
The Smorgons already control an effective 46 per cent of Humes. They picked up 37 per cent of the company's 166m

shares as the result of a failed 1986 bid for Humes by Mr Garry Carter's Unity/APA, and the rest through Humes' A\$346m purchase of their mini-steel mill for cash and 74m convertible notes. Another 60m notes are publicly held.
The mini-mill provides the only domestic competition in steel products for BHP, Australia's largest company, and for Humes the deal added a new dimension to its brick, pipe and tile businesses.
For the Smorgons, who have a packaging empire based on glass, paper, plastics and other materials, the deal appeared to

be a reverse takeover and a vital step towards going public. Now, if the Smorgon bid succeeds, Humes will effectively go private.
The family said yesterday that its bid compared with the published net asset backing of A\$1.53 per share as at June 1987. Humes' non-Smorgon directors advised shareholders not to sell pending their independent advice.
Smorgon Consolidated was started some 60 years ago when several members of the Smorgon family arrived in Melbourne from the Soviet Union.

Go-ahead soon for Escondida project

By Kenneth Gooding, Mining Correspondent
A DECISION to go ahead with development of the Escondida project in Chile, involving the largest undeveloped copper ore body in the world, is likely to be taken within six months, according to Broken Hill Proprietary, the Australian group which has a 60 per cent stake in the project.
It had already been established that the project was technically and economically feasible and that the mine would be an extremely low-cost producer, but marketing and financing arrangements had still to be settled. BHP officials said in London yesterday.
Negotiations are going on for the sale of a large proportion of the copper concentrate production to customers in Japan, West Germany and Finland. It was expected that those countries would also be involved in financing the project, which is expected to cost more than US\$1bn to start up.
Once the go-ahead is given, construction of the mine would take about three years.
The massive ore body of nearly 7.5m tonnes is capable of providing 800,000 tonnes a year of copper in concentrate.
The officials made it clear that the proposed A\$6bn (US\$4.25bn) restructuring of BHP, Australia's largest company, would not deflect the development of core businesses, including petroleum and steel as well as minerals.
They suggested BHP was still interested in growth by acquisition, in spite of the big increase in debt the restructuring involved, but refused to comment on the possibility that BHP might buy the 70 per cent of Newmont Australia, the gold mining concern which Newmont Mining, its US parent, said it might sell.
The restructuring effectively reduces the BHP stake held by Bell Resources, Mr Robert Holmes à Court's group, from nearly 30 per cent to just over 10 per cent.

FAI hits record interim result

BY OUR SYDNEY CORRESPONDENT
TIMELY REALISATION of stock market gains helped Mr Larry Adler's FAI Insurance report record earnings for the six months to December.
Results released in Sydney showed an after-tax profit of A\$123m (US\$87.2m), up 75 per cent on the corresponding 1986 figure of A\$70m.
This was achieved on a fall in sales to A\$222.8m from A\$274m, but on the back of a surge in other revenue to A\$1.12bn from A\$1.68m. The profit was also after deducting A\$86.8m for foreign exchange

losses. In line with new accounting standards. Extraordinary losses were A\$4.83m, against A\$25,000 previously.
FAI's share market gains included a A\$194m profit on the disposal of its 19 per cent stake in Pioneer Concrete Services and its 6 per cent of Ampol to Mr Robert Holmes à Court, and a A\$130m profit on the sale of its 14.9 per cent stake in Hill Samuel, the British merchant bank, to Trustee Savings Bank.
Mr Adler is also thought to have made a profitable exit

from CSR, the building products and resources company, and broken even on Metals Exploration and on Whitlam Turnbull, the merchant bank he helped start. The group also sold its chain of private hospitals and nursing homes.
Since the turn of the year, FAI has built a small stake in Pearl, the UK insurance group, sold its 20 per cent stake in Cumberland Credit, a cash-rich Australian company, and through Fembroke Securities, helped to underwrite a rights issue by Aridne Australia.

Petromin reshapes operations

BY FINN BARRE IN RIYADH
A LONG-AWAITED reorganisation of the Saudi Arabian oil industry is now beginning, with changes in Petromin, the state oil company.
Petromin's operations will be divided into three divisions - lubricants, refining and domestic marketing. The move is aimed at ending inefficiencies.
Petromin is one of two main oil companies in the kingdom. The other is Arabian American Oil Company (Aramco), which has generally handled exploration, production and crude sales. Petromin was entrusted with domestic refining and marketing.
But there was overlap between the two. Aramco's Ras Tanura refinery was larger than any of Petromin's, while

Petromin lost prestige when it was forced to turn over operation of the 1,200km east-west pipeline to Aramco. Under Mr Abdul Hadi Taher, its former governor, Petromin acquired a bewildering array of companies that operated somewhat independently under its umbrella.
The new Petromin lubricants division entails some difficulty. The company currently has two different blending operations, and a separate lubricant base oil refining group. Petrolube, one of the blending operations, is 29 per cent owned by Mobil. The US oil major also has a 30 per cent stake in Luberef, another venture which operates a refinery in Jeddah.
In refining, Petromin operates three domestic plants and is in

the process of buying out Petro-la's interest in an export refinery being built west behind schedule, at Rabigh. It also owns half of two export refineries, one with Shell and the other with Mobil. It is unclear how these will be combined.
Domestic marketing is confused because of Aramco's present responsibility for sales of liquefied petroleum gas and downstream products. No decision has been reached on what to do with the export refineries, or whether to turn over the Ras Tanura refinery to Petromin.
Petromin also has a minerals division, which includes Mahad Ad-Dahab, the legendary gold mines of King Solomon. This side, plus other peripheral interests, may be spun off.

Arab Banking reverse

BY OUR FINANCIAL STAFF
ARAB BANKING Corporation, Bahrain's biggest offshore bank, had its profits wiped out last year by a \$375m increase in provisions on its Third World lending.
It allocated \$158m from operating earnings and added \$217m previously retained, leaving consolidated net profit at zero compared with \$107m for 1986. Its shareholders - the governments of Libya, Kuwait and Abu Dhabi - who had received an aggregate \$53m in dividends that year, will get nothing this time.
Arab Banking said the move was designed to cope with a new international trend in providing against sovereign debt, and took provisions to a total 22.5 per cent of its exposure to countries involved in reschedulings. It had not before specified the level of cover.
The loan portfolio grew by nearly a fifth during the year, from \$6bn to \$7.17bn, while deposits expanded at an even faster rate to \$14.32bn against \$11.63bn. Group assets were given as \$17.56bn compared with \$14.58bn.

the process of buying out Petro-la's interest in an export refinery being built west behind schedule, at Rabigh. It also owns half of two export refineries, one with Shell and the other with Mobil. It is unclear how these will be combined.
Domestic marketing is confused because of Aramco's present responsibility for sales of liquefied petroleum gas and downstream products. No decision has been reached on what to do with the export refineries, or whether to turn over the Ras Tanura refinery to Petromin.
Petromin also has a minerals division, which includes Mahad Ad-Dahab, the legendary gold mines of King Solomon. This side, plus other peripheral interests, may be spun off.

NOTICE OF EARLY REDEMPTION
U.S. \$400,000,000

The Kingdom of Belgium
— Floating Rate Notes Due February 2000 —

Notice is hereby given to the holders of the Floating Rate Notes that in accordance with the provisions of the Fiscal Agency Agreement dated February 28, 1985 (condition 6 (b) of the Floating Rate Notes), the issuer will redeem all the Notes on February 29, 1988 (together called the "Interest Payment Date" and the "Redemption Date") at their principal amount.
Interest will be paid to the persons shown on the Register of Noteholders at the close of business on the fifth day prior to the Interest Payment Date. Payment of principal will be made on or after the Redemption Date at the specified office of the Transfer Agent or the Registrar listed below, upon presentation and surrender of the Notes.
The Notes will become void unless presented for payment within a period of 10 years from the Redemption Date.

Fiscal Agent
Morgan Guaranty Trust Company of New York
35, Avenue des Arts
B-1040 BRUSSELS

REGISTRAR
Morgan Guaranty Trust Company of New York
35, Avenue des Arts
B-1040 BRUSSELS

TRANSFER AGENT
Morgan Guaranty Trust Company of New York
30 West Broadway
NEW YORK, N.Y. 10015

DATED: February 3, 1988.

This announcement appears as a matter of record only.

Irving Trust

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société nationale elf aquitaine

for its
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American Depositary Shares of Société Nationale Elf Aquitaine are traded on the Over-the-Counter market.

For information regarding Irving Trust's ADR services contact:

William G. Barron, VP
36/38 Cornhill
London EC3V 3NT, England
01-493-2823

Ralph A. Marinello, VP
One Wall Street
New York, NY 10015
212-635-8966



Irving Trust

Irving Trust Company
One Wall Street
New York, NY 10015

American Depositary Receipts

SABRE IV Limited
U.S. \$100,000,000

Floating Rate Secured Notes due 1992
For the 6 months period 25th January, 1988 to 25th July, 1988 the Notes will bear the interest rate at 7 1/4% per annum. US\$3,823.26 will be payable from 25th July, 1988 per amount of Notes.

Yamatoko International (Europe) Limited
Agent Bank

Arabian Oil
37.8% ahead

ARABIAN OIL, Japan's biggest oil producer, lifted 1987 pre-tax profits 37.8 per cent to ¥71,250 (US\$50.5m), on sales up 23.4 per cent to ¥227.48bn, Kyodo reports from Tokyo.
The company produces crude in a neutral zone between Saudi Arabia and Kuwait.

The Procter & Gamble Company,
Cincinnati, Ohio USA

has acquired

Blendax Werke R. Schneider GmbH & Co. KG,
Mainz.

We acted as financial advisor.

BHF-BANK

This announcement appears as a matter of record only.

\$125,000,000

LEGEND CAPITAL GROUP, L.P.
A limited partnership formed to specialize in private equity investing.

The undersigned organized Legend Capital Group, L.P., arranged the placement of limited partnership interests and will act as investment manager of Legend Capital Group, L.P.

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150 East 58th Street
New York, NY 10155
(212) 644-8600

February 3, 1988

150 من الالمان

INTERNATIONAL COMPANIES AND FINANCE

Karen Fossli on the task facing Norway's troubled oil company
Plan to restore Statoil's credibility

WHEN Mr Harald Norvik, 41, assumes the post of president of Statoil in late April or early May, his first priority will be to restore the image of Norway's troubled state oil company.

suggestions that Statoil will continue to draw on Mr Johnson's expertise by employing him on a consultancy basis.

Financial institutions outside Norway have been deeply concerned about the country's creditworthiness as a result of its handling of the financial reconstruction of Kongsberg Vapenfabrikk (KV), the state-owned armaments group.

Mr Norvik alluded only indirectly to the possibility of some degree of privatisation for Statoil. Among the models to which he refers is state-controlled oil companies in which private investors also own shares.



Harald Norvik main task to restore confidence

Mr Norvik says that had the oil minister not recommended this examination, it would in any event have been his first task.

Mr Norvik would not comment on how reorganisation of the state oil company into new divisions might affect its ability to go to the financial markets.

Liffe volume builds up

VOLUME ON the London International Financial Futures Exchange picked up sharply in January after a pre-Christmas lull.

First convertible for Taiwan

YUEN POONG YU Paper has successfully placed a \$1.1bn (US\$35m) convertible bond issue, the first in Taiwan's history.

instrument will become an alternative channel for local corporations to raise funds and a beneficiary product for local investors.

by Taiwan's International Commercial Bank of China, with the Bank of Communications an underwriter.

Spanish utility seeks \$200m

UNION-ELECTRICA Fenosa has awarded a mandate to Chase Investment Bank for \$200m of new debt securities for a Spanish electric utility after a 10-month period in which Spanish borrowers were absent from the market.

New issue houses hold off ahead of US auctions

THE EUROBOND market saw only light new issuing activity yesterday, with syndicate managers reluctant to launch ahead of this week's \$27bn US Treasury auctions.

Baring Brothers' \$50m five-year bond for Commonwealth Bank of Australia, which had been the victim of bad timing when it was launched on Monday shortly ahead of the UK rate increase, closed at less than bid, against 1 1/2 per cent fees.

The rally in US Treasury issues came too late to help the market. Domestic bond prices fell by up to 15 basis points, while some D-Mark Eurobonds shed about 10 basis points.

INTERNATIONAL BONDS

Nomura International nevertheless decided to go ahead with a \$160m 8 1/2 per cent five-year new issue for New Zealand because, it said, it was seeing steady retail demand for high-quality paper even though prices of most recent bonds were drifting.

Two Japanese equity warrants emerged, with Nomura International's \$150m deal for Mitsu Petrochemical Industries meeting the most demand, and bid as high as 106.

Morgan Stanley led a \$100m four-year 4 per cent bond for the European Investment Bank, priced at 100 1/2. The deal came too late to see grey market trading.

HOKKAI CAN CO., LTD. U.S.\$80,000,000 5 per cent. Guaranteed Bonds 1993 with Warrants. The Industrial Bank of Japan, Limited. Daiwa Europe Limited, The Nikko Securities Co., (Europe) Ltd., IBJ International Limited, Takugin Finance International Limited, Banca del Gottardo, Banca della Svizzera Italiana, Baring Brothers & Co., Limited, Cazenove & Co., Merrill Lynch International & Co., Morgan Grenfell & Co. Limited, Salomon Brothers International Limited.

Gartmore sets up in Australia, eyes Singapore

Gartmore Investment Management of the UK, one of the world's largest managers of unit trusts and mutual funds, has established an Australian arm and plans to open a Singapore operation as part of its world-wide expansion.

Kampo cuts US Treasuries holding

KAMPO, the Japanese postal life insurance system, is reducing the proportion of US Treasury bonds in its foreign bond portfolio, Reuters reports.

holdings, tied up in Treasury bonds at the end of fiscal 1986/87 last March. Foreign bonds made up 5.6 per cent of Kampo's holdings on December 31, 1987.

our books at the end of March, but I assume the proportion of US dollar-denominated bonds in our portfolio has been shrinking, said a Kampo official.

FT INTERNATIONAL BOND SERVICE

Table listing international bonds with columns for Country, Issuer, Maturity, Coupon, and Price. Includes sections for US Dollar, Yen, Deutsche Mark, Swiss Franc, and Convertible bonds.

UK COMPANY NEWS

UNUSUAL OFFER A TEST OF USM MARKET'S MOOD

London Forfaiting aims to explain role to investors

BY PHILIP COGGAN

FORFAITING is not a financing technique with which most people are familiar. Few would recognise the name, let alone claim to understand it. So the offer-for-sale of London Forfaiting on the Unlisted Securities Market this month will be particularly interesting test of the market's mood.

The only other company to launch an offer since the crash was Eurotunnel - something of a special case given the publicity surrounding the project and the long-term nature of the investment.

London Forfaiting hopes to raise between £75m and \$80m, easily the largest amount ever sought in a USM flotation. The previous record - Mrs Fields - is not an encouraging example. Eighty four per cent of the

cooide company's offer-for-sale was left with the underwriters. London Forfaiting has already had to postpone the flotation because of the crash. There is no comparable company on the market. But LFC hopes that careful explanation of its business to institutional investors will ensure a good reception.

The business of forfaiting revolves around the granting of credit to exporters. They hand over a bill of exchange or promissory note from their customers to the forfaiter, who accepts them at a discount. It is then up to the forfaiter to collect the debt, although some security is provided as the notes are normally guaranteed by the importer's bank. The average maturity of a credit is

about three years. London Forfaiting was established by Mr Jack Wilson and Mr Stathis Papoutas, who had built up the forfaiting business of Hungarian International Bank from the mid-1970s. They left HIB in 1983 and founded LFC the following year with the backing of Exco and British & Commonwealth.

In the first eight months of trading, LFC made pre-tax profits of £1.96m. That was followed by profits of £9.19m in the full year 1985 and by £13.4m in 1986.

The company claims a very low bad debt ratio - only 0.1 per cent of its portfolio - thanks to careful monitoring of currency and credit risk by its research department. It also reduces interest rate and



Stathis Papoutas (left) managing director, and Jack Wilson, chairman of London Forfaiting, pictured in London yesterday.

Runciman doubles holding in Jas Fisher

By Nikki Tai

SHARES IN James Fisher, the Barrow-in-Furness shipbuilding group, jumped 39p to 110p yesterday as Walter Runciman, shipowner, insurance and security group, announced that it had more than doubled its stake to 10.9 per cent. However, the stakeholder added that it did not intend to bid for at least three months, in the absence of a material change in circumstances.

Runciman had previously held 1.185m shares, just below the disclosure level - an interest which it said "goes back a long time". Yesterday's market foray netted a further 1.42m shares, and took its total holding to 2.6m shares. The additional holding was purchased at 105p.

Yesterday evening, Runciman insisted that it had no present intention to bid and that it viewed the stake as an investment. Runciman conceded that the two companies had discussed co-operation over the years, but said that this should not be taken as having any bearing on the current situation. James Fisher directors were unavailable for comment last night.

Dolphin jumps 81%

Dolphin Packaging, the Poole-based food and medical packaging company which joined the USM last September, announced an 81 per cent increase in pre-tax profits for the half-year to November 30.

Pre-tax profits advanced from £679,000 to £1.23m on turnover up from £4.3m to £6.1m. Earnings per share more than doubled from 2.08p to 5.27p. The interim dividend was fixed at 1.2p per share.

Mr Rupert Speyer, the chairman, reported that the company's heavy expenditure on plant and equipment continued to be sufficient in the extrusion of PVC and styrene sheet by August, he said, and a quarter of the 40,000 sq ft of new production space was now occupied.

Dolphin is actively seeking acquisitions and has considered 24 potential companies since flotation.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the sub-divisions shown below are based on last year's results.

Company	Future Dates
Intertrust	Feb 11
Assured	Mar 17
Interlink Express	Feb 11
Personal Computers	Mar 8
Spencer (Wheat)	Mar 8
Plax	Feb 12
Anglo and Overseas Trust	Feb 12
Company of Designers	Feb 12
PLM	Feb 12
Secur	Feb 12
Security Services	Feb 9
Seafish	Feb 26

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corres - ponding div	Total for year	Total last year
Dolphin Pkg \$	1.2	Apr 6	-	-	-
Howard Hlids	0.5	-	0.36*	-	0.88
Meat Trade Sup.	1.83	-	1.78	-	3.6
Unitech	3.1	Mar 31	2.63	-	7.66
YRM	1	Mar 18	-	-	-

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. \$USM stock. ‡Unquoted stock. ¶Third market.

Lynx leaps back into the black

Lynx Technology swung back into the black with pre-tax profits of £202,000 in the half-year to September 30 1987. This compares with a loss of £207,000 in the corresponding period of the previous year.

Turnover climbed from £305,000 to £1.81m, the majority of which was attributable to television audience measurement equipment.

The company's new product, Innsafe, was successfully introduced in September. Its launch coincided with the rise in value of the pound and loss of economic confidence. That had an adverse effect to capital investment programmes and was causing difficulty in major target areas.

As a result, the rate of growth of sales had been slower than anticipated.

The FT Guide to Working Abroad

by David Young (3rd Edition)

Going to work abroad?

A new and completely updated edition of the Financial Times guide to working abroad is now available. Considerably expanded, the third edition of Working Abroad is the indispensable guide to living and working overseas.

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The author, David Young, was the founding editor of Resident Abroad, the Financial Times magazine for British expatriates, and has now established his own independent expatriate advisory service. Working Abroad - the Expatriate's Guide has been written both for the ordinary person who needs to cultivate a wide range of financial awareness, and also for the professional adviser.

"... Working Abroad will prove to be a valuable addition to your reading list." *Executive Post*

Contents include: getting a job abroad (the market, the employer, the contract, the move) • taxation (UK, overseas) • National Insurance • Investment and financial planning (UK, expat, banking, insurance, pensions, offshore funds) • UK property (taxation, mortgages, overseas) • Family matters (education, health, Nationality Act) • Returning home (tax, investment) • Sources of information.

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TUESDAY 17TH MAY 1988

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

This announcement appears as a matter of record only.

Thompson Real Estate Japan, Inc.

a subsidiary of

WPP Group plc

¥13,113,454,000

Non Recourse Property Loan

Arranger

S. G. Warburg & Co. Ltd.

Provided By

The Long-Term Credit Bank of Japan, Ltd.
NEW YORK BRANCH

January 1988

This announcement appears as a matter of record only.

WPP Group plc

\$160,000,000

Seven Year Acquisition Financing

Arranger

S. G. Warburg & Co. Ltd.

Agent

Morgan Guaranty Trust Company
of New York

Lead Managers

Morgan Guaranty Trust Company
of New York

The Long-Term Credit Bank
of Japan, Ltd.

Canadian Imperial Bank
of Commerce

The Toronto-Dominion Bank

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Managers

Bank of Ireland
The Dai-ichi Kangyo Bank, Limited
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January 1988

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Application is by C.V. and should be returned by the closing date, 12 noon on Monday 15 February (quoting reference JAD/CNA, marked "Confidential") to Lothian Enterprises Ltd, Dundas & Wilson Solicitors, 25 Charlotte Square, Edinburgh, EH2 4EZ. Interviews will be held on 14 and 15 March 1988.

LOTHIAN ENTERPRISES LIMITED

Application details are obtainable by telephoning Edna Williams, 031 - 229 9292, ext. 3491.

For informal discussion, telephone Jim Dickson on 031 - 229 9292, ext. 3488.



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The continuing expansion of NMB's established London Branch means that we are looking for a Credit Analyst, with a keen sense of humour, to join our existing team to work on all our lending propositions which would include spreading balance sheets, P&L Accounts and cashflows, full written analysis of financial information and making the appropriate approval recommendations.

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CIGNA,
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COMMODITIES AND AGRICULTURE

EC court victory for UK sheep farmers

By Tim Dickson in Brussels
BRITAIN'S sheep farming industry won two important victories yesterday when the European Court of Justice ruled in its favour over the way a controversial export tax and a special ewe premium scheme were being calculated by Brussels.

Mr Simon Gourlay, President of Britain's National Farmers' Union, welcomed the legal judgements last night and said that he would be pressing for early repayment of "the millions of pounds of which our sheep industry has been deprived by the European Commission."

CAP complexities 'can lead to fraud'

BY BRIDGET BLOOM, AGRICULTURE CORRESPONDENT
THE REGULATIONS governing the import and export of commodities that fall within the purview of the European Community's common agricultural policy are so complex that they can easily lead to fraud, Britain's National Audit Office declared in a report published yesterday.

Alcoa in wrangle over Jamaican bauxite refinery

BY CAMUTE JAMES IN KINGSTON
THE ALUMINUM Company of America this week reclaimed its bauxite refinery in Central Jamaica, but it is locked in a legal wrangle with the Jamaican Government and the state-owned company which has been operating the plant under lease for the past three years.

Simon Clarke examines the problems facing the country's key export sector Senegal struggles to repair damage to peanut industry

ALTHOUGH SENEGAL'S peanut farmers reaped a bumper harvest last year the country's key export industry is far from healthy. Under World Bank guidance Senegal has privatised the peanut industry in an attempt to shake off the disastrous effects of state control in the 1970s.

DEEPENING concern about availability of US supplies has encouraged a sharp rise in peanut prices, writes Our Commodities Staff. In the January 28 issue of its Edible Nuts Market Report Gill & Duffus, the London trade house, reports that in the past week alone "prices for US runners 40/50 peanuts, the premium eating grade, leapt \$100 to \$1,125 a tonne, cif Europe."

Comparable Chinese and Argentine grudea have strengthened in sympathy, it notes, "but by no means to the same extent as US runners." Latest premiums for the US nuts, it says, have been about \$500 over Chinese Houji 40/50s and \$485 over Argentine runner 40/50s.

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When the advantages of favourable rain are removed the Senegalese peanut industry struggles. Efforts are being made towards diversification and intercropping for fertility, but these alone will not solve the problem. Re-organisation and rationalisation are essential for the farmers. The Government could not operate the industry efficiently and it remains to be seen whether market forces can pull the Senegalese peanut industry into shape.

Kuala Lumpur tries to curb speculation in palm oil market

BY WONG SUI-LING IN KUALA LUMPUR
PALM OIL traders on the Kuala Lumpur Commodities Exchange yesterday began paying higher margins (initial down-payments on contracts) in line with efforts by the authorities to curb excessive speculation. The Malaysian Futures Clearing Corporation, which guarantees trades on the KLCE, announced that margins for spot deals for crude palm oil were being increased from 3,000 ringgit (\$666) to 4,000 ringgit per 25-tonne lot, while margins for forward contracts rose from 2,000 ringgit to 2,500.

LONDON MARKETS

COPPER PRICES rose in morning trading, with general short covering and reports of some Chinese buying interest fueling the trend. However, they retreated in the afternoon on sporadic profit taking as New York prices eased and news arrived of an end to the strike at Peru's Southern Peru Copper Corporation.

CRUDE OIL (L/ton) 42,000 US gal. Exported. Mar 18.83 16.82 17.02 16.90. Apr 16.84 16.73 16.82 16.71. May 16.75 16.65 16.83 16.74.

SOYABEANS 5,000 bu. min. cont'd/600 bushel. Mar 59/70 60/82 60/90 59/80. Apr 60/82 61/70 61/70 60/84.

COCOA \$/tonne. Mar 1077 1073 1084 1070. Apr 1056 1067 1106 1094. May 1119 1117 1127 1118.

CORFEE \$/tonne. Mar 1216 1217 1223 1211. Apr 1240 1238 1245 1235.

SUGAR \$ per tonne. Mar 198.40 202.40 208.00 192.20. Apr 194.00 198.20 203.20 192.80.

LONDON METAL EXCHANGE. Aluminium, 99.7% purity (8 per tonne). Mar 1970-90 1968-95. Apr 1980-90 1978-73 1870.

POTATOES \$/tonne. Feb 95.80 99.00. Mar 95.80 99.00. Apr 148.20 150.80.

SOYABEAN MEAL \$/tonne. Apr 128.00 129.00 128.50 128.00. May 122.00 123.00.

LONDON BULLION MARKET. Gold (fine oz) \$ price. Feb 455.450. Mar 455.450.

NEW YORK. GOLD 100 troy oz. \$/troy oz. Feb 453.0 454.1 457.5 453.7.

LONDON METAL EXCHANGE TRADED OPTIONS. Aluminium (99.7%). Mar 135 115 35 120.

US MARKETS

PRECIOUS METALS were again quiet and dominated by local activity, reports Drexel Burnham Lambert. Gold closed roughly unchanged as local selling was offset by some foreign buying.

SUGAR WORLD 111 112,000 lbs. cents/lb. Mar 6.76 6.94 6.93 6.52. Apr 6.77 6.91 6.90 6.50.

PLATINUM 50 troy oz. \$/troy oz. Feb 485.5 487.9 490.0 483.0. Mar 461.5 460.5 468.0 483.0.

Chicago

SOYABEANS 5,000 bu. min. cont'd/600 bushel. Mar 59/70 60/82 60/90 59/80. Apr 60/82 61/70 61/70 60/84.

WHEAT 5,000 bu. min. cont'd/600-bushel. Mar 20/25 20/25 20/25 20/25. Apr 20/25 20/25 20/25 20/25.

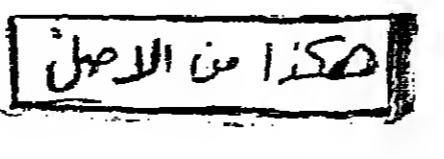
LIVE CATTLE 40,000 lbs. cents/lb. Feb 69.76 69.62 68.87 68.12. Mar 69.96 69.30 70.00 68.20.

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets). ANTIMONY: European free market 99.5 per cent, \$ per tonne, in warehouse, 2,200-2,300 (\$200-230).

URANIUM: Nuxco exchange value, \$ per lb. U10, 16.66 (same).

SOYABEAN MEAL 50,000 lbs. cents/lb. Mar 175.1 176.2 175.7 175.0. Apr 175.3 178.2 177.0 174.5.



EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Vol, Last, and Stock prices for various options.

Table with columns for Series, Vol, Last, and Stock prices for various options.

Table with columns for Series, Vol, Last, and Stock prices for various options.

TOTAL VOLUME IN CONTRACTS: 20,072

BASE LENDING RATES

Table listing base lending rates for various banks and currencies.

CLASSIFIED ADVERTISEMENT RATES

Table showing rates for different types of classified advertisements.

FT CROSSWORD No.6,546

Crossword puzzle grid with numbers indicating starting positions for clues.

ACROSS clues: 1 To solve it, one solicitor follows a nautical measure (6,3)...

AUTHORISED UNIT TRUSTS

Large table listing various unit trusts, their managers, and performance data.

FT UNIT TRUST INFORMATION SERVICE

Large table listing unit trusts and their managers, continuing from the previous section.

Handwritten text at the bottom of the page: 150

FT UNIT TRUST INFORMATION SERVICE

Main table area containing various unit trust information, including columns for fund names, providers, and performance metrics. The table is organized into multiple columns and rows, with headers for different categories of funds.

10000000

Handwritten note: "Hollis & Co"

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Manager, and other details.

Table of London Share Service, including sections for British Funds, Foreign Bonds & Rails, and Money Market Bank Accounts.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American stocks with columns for stock name, price, and change.

BUILDING, TIMBER, ROADS

Table listing building, timber, and roads stocks with columns for stock name, price, and change.

DRAPERY AND STORES - Contd

Table listing drapery and stores stocks with columns for stock name, price, and change.

ENGINEERING - Contd

Table listing engineering stocks with columns for stock name, price, and change.

INDUSTRIALS (Misc.) - Contd

Table listing industrial (miscellaneous) stocks with columns for stock name, price, and change.

INDUSTRIALS (Misc.) - Contd

Table listing industrial (miscellaneous) stocks with columns for stock name, price, and change.

CANADIANS

Table listing Canadian stocks with columns for stock name, price, and change.

ELECTRICALS

Table listing electrical stocks with columns for stock name, price, and change.

INDUSTRIALS (Misc.)

Table listing industrial (miscellaneous) stocks with columns for stock name, price, and change.

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Table listing industrial (miscellaneous) stocks with columns for stock name, price, and change.

INDUSTRIALS (Misc.)

Table listing industrial (miscellaneous) stocks with columns for stock name, price, and change.

BANKS, HP & LEASING

Table listing banks, hire purchase, and leasing stocks with columns for stock name, price, and change.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks with columns for stock name, price, and change.

DRAPERY AND STORES

Table listing drapery and stores stocks with columns for stock name, price, and change.

FOOD, GROCERIES, ETC

Table listing food, groceries, and other stocks with columns for stock name, price, and change.

INDUSTRIALS (Misc.)

Table listing industrial (miscellaneous) stocks with columns for stock name, price, and change.

INDUSTRIALS (Misc.)

Table listing industrial (miscellaneous) stocks with columns for stock name, price, and change.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for stock name, price, and change.

DRAPERY AND STORES

Table listing drapery and stores stocks with columns for stock name, price, and change.

INDUSTRIALS (Misc.)

Table listing industrial (miscellaneous) stocks with columns for stock name, price, and change.

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Table listing industrial (miscellaneous) stocks with columns for stock name, price, and change.

BUILDING, TIMBER, ROADS

Table listing building, timber, and roads stocks with columns for stock name, price, and change.

ENGINEERING

Table listing engineering stocks with columns for stock name, price, and change.

INDUSTRIALS (Misc.)

Table listing industrial (miscellaneous) stocks with columns for stock name, price, and change.

INDUSTRIALS (Misc.)

Table listing industrial (miscellaneous) stocks with columns for stock name, price, and change.

INDUSTRIALS (Misc.)

Table listing industrial (miscellaneous) stocks with columns for stock name, price, and change.

INSURANCES

Table listing insurance stocks with columns for stock name, price, and change.

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LONDON SHARE SERVICE

INSURANCES - Contd. Table listing various insurance companies and their share prices.

PAPER, PRINTING, ADVERTISING - Contd. Table listing companies in the paper, printing, and advertising sectors.

TEXTILES - Contd. Table listing various textile companies.

TRUSTS, FINANCE, LAND - Contd. Table listing trusts, finance, and land-related companies.

OIL AND GAS - Contd. Table listing oil and gas companies.

MINES - Contd. Table listing various mining companies.

LEISURE Table listing leisure and entertainment companies.

PROPERTY Table listing property-related companies.

TOBACCOS Table listing tobacco companies.

TRUSTS, FINANCE, LAND Table listing trusts, finance, and land-related companies.

OVERSEAS TRADERS Table listing overseas trading companies.

THIRD MARKET Table listing companies traded on third markets.

MOTORS, AIRCRAFT TRADES Table listing motor and aircraft trade companies.

PROPERTY Table listing property-related companies.

TRUSTS, FINANCE, LAND Table listing trusts, finance, and land-related companies.

PLANTATIONS Table listing plantation companies.

MINES Table listing various mining companies.

MISCELLANEOUS Table listing miscellaneous companies.

COMMERCIAL VEHICLES Table listing commercial vehicle companies.

PROPERTY Table listing property-related companies.

TRUSTS, FINANCE, LAND Table listing trusts, finance, and land-related companies.

MINES Table listing various mining companies.

MISCELLANEOUS Table listing miscellaneous companies.

MISCELLANEOUS Table listing miscellaneous companies.

NEWSPAPERS, PUBLISHERS Table listing newspaper and publishing companies.

PROPERTY Table listing property-related companies.

TRUSTS, FINANCE, LAND Table listing trusts, finance, and land-related companies.

MISCELLANEOUS Table listing miscellaneous companies.

MISCELLANEOUS Table listing miscellaneous companies.

MISCELLANEOUS Table listing miscellaneous companies.

PAPER, PRINTING, ADVERTISING Table listing paper, printing, and advertising companies.

PROPERTY Table listing property-related companies.

TRUSTS, FINANCE, LAND Table listing trusts, finance, and land-related companies.

MISCELLANEOUS Table listing miscellaneous companies.

MISCELLANEOUS Table listing miscellaneous companies.

MISCELLANEOUS Table listing miscellaneous companies.

SHOES AND LEATHER Table listing shoe and leather companies.

PROPERTY Table listing property-related companies.

TRUSTS, FINANCE, LAND Table listing trusts, finance, and land-related companies.

MISCELLANEOUS Table listing miscellaneous companies.

MISCELLANEOUS Table listing miscellaneous companies.

MISCELLANEOUS Table listing miscellaneous companies.

SOUTH AFRICANS Table listing South African companies.

PROPERTY Table listing property-related companies.

TRUSTS, FINANCE, LAND Table listing trusts, finance, and land-related companies.

MISCELLANEOUS Table listing miscellaneous companies.

MISCELLANEOUS Table listing miscellaneous companies.

MISCELLANEOUS Table listing miscellaneous companies.

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NOTES section containing detailed financial notes and regional/irish stocks information.

REGIONAL & IRISH STOCKS and TRADITIONAL OPTIONS sections.

WORLD STOCK MARKETS

Table of world stock markets including Australia, Canada, France, Germany, Italy, Japan, and the UK. Columns include country, date, and various stock indices with their respective values and changes.

CANADA

Table of Canadian stock markets, primarily Toronto, listing various stocks and their closing prices for February 2.

Table of Japanese stock markets, listing various Japanese stocks and their closing prices for February 2.

OVER-THE-COUNTER

Table of over-the-counter market data, including Nasdaq national market closing prices for various stocks.

Indices

Table of various stock indices including Dow Jones, Nikkei, and others, showing their values and changes.

CHIEF LONDON PRICE CHANGES YESTERDAY

Table of chief London price changes for various commodities and currencies, including gold, oil, and the pound.

NEW YORK ACTIVE STOCKS

Table of active stock prices in New York, listing various stocks and their current market prices.

N. AMERICAN QUARTERLY RESULTS

Table of quarterly financial results for various North American companies, including revenues, earnings, and dividends.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing stock prices for various companies, organized in columns with headers for stock name, price, and change.

Continued on Page 45

NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include Stock, High, Low, Last, Change, and Volume. Includes sub-sections for 'Continued from Page 44' and 'Over-the-Counter'.

Table of AMEX Composite Closing Prices. Columns include Stock, High, Low, Last, Change, and Volume. Includes sub-sections for 'Over-the-Counter' and 'Nasdaq national market, closing prices'.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of Over-the-Counter and Nasdaq national market closing prices. Columns include Stock, High, Low, Last, Change, and Volume.

Advertisement for Athens (01) 7237167. Text: 'Have your F.T. hand delivered... at no extra charge, if you work in the business centre of ATHENS. Hellenic Distribution Agency (01) 9919328. FINANCIAL TIMES European Business Newspaper'.

